

HEARING EXHIBITS FOR THE HEARING HELD ON MAY 14, 2014
IN DOCKET NO. 120161-WS

Comprehensive Exhibit List for entry into Hearing Record

| Hearing I.D. # | Witness | I.D. # As Filed | Exhibit Description | Entered |
|--------------------------------------|-----------------------|-----------------|---|---------|
| STAFF | | | | |
| 1 | | Exhibit List | Comprehensive Exhibit List | |
| UTILITIES, INC. (UI) (DIRECT) | | | | |
| <u>2</u> | Larry Danielson | LAD-1 | Extract form Engagement Letter | |
| <u>3</u> | Larry Danielson | LAD-2 | Project Phoenix Cost Breakdown | |
| <u>4</u> | Larry Danielson | LAD-3 | Extract from Order No. PSC-11-0587-PAA-SU | |
| <u>5</u> | Larry Danielson | LAD-4 | ERC Comparison when Project Phoenix was implemented and Dec. 2013 | |
| <u>6</u> | Larry Danielson | LAD-5 | Vendor Selection Results Extract | |
| <u>7</u> | Sharon Wiorek | SW-1 | Deloitte Consulting Contract | |
| <u>8</u> | Sharon Wiorek | SW-2 | Rate Case Expense | |
| STAFF (DIRECT) | | | | |
| <u>9</u> | Stephen Bart Fletcher | SBF-1 | Timeline for Dockets addressing the Phoenix Project costs | |
| <u>9a</u> | Stephen Bart Fletcher | Amended SBF-1a | Corrected Timeline for Dockets addressing the Phoenix Project costs | |
| <u>10</u> | Stephen Bart Fletcher | SBF-2 | Illustration of Remaining Life Depreciation Rate Method | |

| | | | | |
|---------------------------|--|--|---|--|
| <u>11</u> | | | UI's responses to Staff's First Set of Interrogatories, Nos. 1-3 [Bates Nos. 0001-0003] See also: files contained on Staff Exhibit CD | |
| <u>12</u> | | | UI's responses to Staff's Second Set of Interrogatories, Nos. 4-9 [Bates Nos. 0004-0010] See also: REDACTED files contained on Staff Exhibit CD | |
| <u>13</u> | | | UI's responses to OPC's First Set of Interrogatories, Nos. 2k, 3a, 4a, 6, 9, 10, and 13 [Bates Nos. 0011-0017] See also: files contained on Staff Exhibit CD | |
| <u>14</u> | | | UI's responses to OPC's Second Set of Interrogatories, Nos. 16, 17, 19-24, 26-28, 30 and 31 [Bates Nos. 0018-0030] See also: files contained on Staff Exhibit CD | |
| <u>15</u> | | | UI's responses to Staff's First Request for Production of Documents, Nos. 1-3 [Bates Nos. 0031-0034] See also: files contained on Staff Exhibit CD | |
| <u>16</u> | | | UI's responses to Staff's Second Request for Production of Documents, Nos. 4-6 [Bates Nos. 0035-0039] | |
| <u>17</u> | | | UI's responses to OPC's First Request for Production of Documents, No. 1 [Bates Nos. 0040-0153] | |
| <u>18</u> | | | UI's responses to OPC's Second Request for Production of Documents, Nos. 6, 7, 9, 11, and 13-15 [Bates Nos. 0154-0158] See also: files contained on Staff Exhibit CD | |
| <u>19</u> | | | UI's responses to Staff's First Request for Admissions, Nos. 1-4 [Bates Nos. 0159-0161] | |

| | | | | |
|-----------------------------|---------------|------|--|--|
| <u>20</u> | John Hoy | | Deposition Transcript and Exhibit of John Hoy, 4/28/14 <i>[Bates Nos. 0162-0193]</i> | |
| <u>21</u> | Sharon Wiorek | | Deposition Transcript and Exhibit of Sharon Wiorek, 4/28/14 <i>[Bates Nos. 0194-0246]</i> | |
| <i>UI (REBUTTAL)</i> | | | | |
| <u>22</u> | Sharon Wiorek | SW-3 | Updated Rate Case Expense | |

EXHIBIT LAD-1. Extract from Deloitte Consulting Original Engagement Letter

Deloitte.

Deloitte Consulting LLP
One Prospect Street
Summit, NJ 07901
USA
Tel: 908-673-5600
Fax: 908-673-5201
www.deloitte.com

June 9, 2006

Mr. Lawrence Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Mr. Schumacher:

Deloitte Consulting LLP ("Deloitte Consulting") appreciates the opportunity to assist Utilities, Inc. (the "Company"), a portfolio company of AIG Highstar Capital II, L.P. ("Highstar"), with the current state assessment of financial processes and related systems. Based on our discussions with you and John Stokes we understand that Utilities Inc. would like assistance to enhance the financial, regulatory and operational processes, controls, reporting and systems.

This engagement letter is organized into the following sections:

- I. Our Understanding of Your Objectives and Scope
- II. Project Approach and Deliverables
- III. Project Staffing
- IV. Project Timing, Professional Fees and Assumptions

OUR UNDERSTANDING OF YOUR OBJECTIVES AND SCOPE

Based on our discussion we understand that your objectives are to create financial transparency by enhancing and integrating finance processes, supporting applications, controls across the Company and making them scalable for future growth. In addition, you would like to reevaluate the operational areas and create an implementation plan to enhance the operations and address shortcomings identified in the process.

Member of

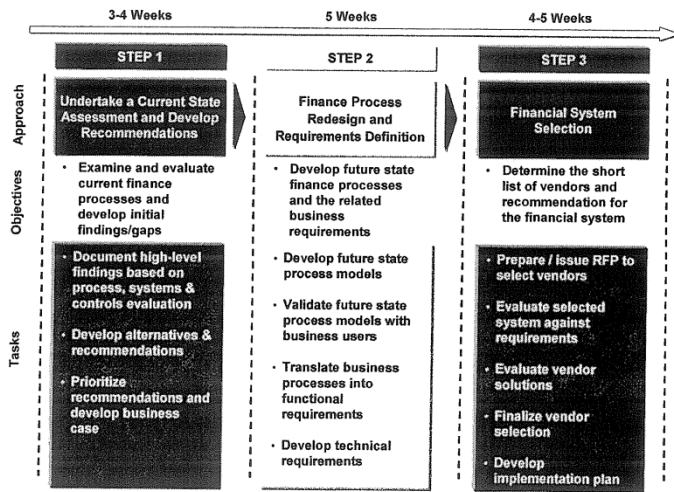


FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120161-WS EXHIBIT No. 2
PARTY: UI Larry Danielson Direct
DESCRIPTION: LAD-1, Extract from engagement letter

PROJECT APPROACH AND DELIVERABLES

To help you achieve the overall objectives we would recommend a two phase approach. Phase I will focus on conducting a diagnostic of the current state environment across all cycles in scope and definition of the business requirements and a recommendation for a financial system. Phase II will then focus on the execution against the plan. We have structured our services into three concurrent steps for Phase 1 that align with your objectives. Step 1 will focus on conducting an assessment of the current state, document findings and develop recommendations for areas identified in scope. Step 2 will be targeted towards financial process redesign to develop functional and technical requirements for the financial system. Step 3 will focus on validating these requirements against the potential solutions and assisting in selection of a new (or enhancement of existing) financial system. The high level activities are outlined below:

Mr. Lawrence Schumacher
 June 9, 2006
 Page 3



As a result of the scope and approach outlined above, we expect the following deliverables to be developed:

- High level findings and Recommendations for Improvement
- Functional and technical requirements
- Future state business processes
- Request for Proposal (RFP)
- Vendor Demonstration Scripts
- Vendor Short List
- Business case supporting our recommendations

In addition, during the project we will provide you with a weekly update on the project status, milestones and schedule.

EXHIBIT LAD-2. Project Phoenix Cost breakdown [Source: UI Detailed Design SC Presentation November v9.ppt]

Financial Update

The project financial information below is as of October 20, 2007. This is only for Deloitte Consulting and Oracle CC&B fees and expenses.

| | A | B | C | D | (D-A) | E | E – (D-A) |
|---|------------------------|------------------|------------------------|-------------------|-----------------------------|--------------------------|-----------------------|
| Group / Vendor | Original Budget | Actual to Date | Estimate to Complete | Total | Over / (Under) ¹ | New Addendums | Variance ¹ |
| Professional Services – Fees | | | | | | | |
| Deloitte Consulting | 8,936,000 ³ | 7,453,000 | 3,248,000 ⁸ | 10,701,000 | 1,765,000 | 2,100,000 ^{7,8} | (335,000) |
| Oracle CC&B ² | 1,880,000 | 1,343,000 | 687,000 | 2,030,000 | 150,000 ³ | 150,000 | - |
| Professional Services – Expenses | | | | | | | |
| Deloitte Consulting | 893,000 | 667,000 | 313,000 | 980,000 | 87,000 | 210,000 | (123,000) |
| Oracle CC&B ² | 352,000 | 127,000 | 225,000 | 352,000 | 15,000 | 15,000 | - |
| TOTALS | 12,061,000 | 9,590,000 | 4,473,000 | 14,063,000 | 2,017,000 | 2,475,000 | (458,000) |

1. A positive number is an over-budget & a negative number is an under-budget
2. We have assumed that Oracle CC&B will run on-budget
3. Includes addendums 3, 5, 6, 7, 8, 9, 11
4. These are one time costs & do not including recurring costs
5. The breakdown of hardware and software costs has not changed and has been previously provided
6. PCR 003 includes both fees and expenses
7. Addendum 12 for JDE & CC&B Go-Live extensions plus additional resources requested for the 3 day workshop
8. Addendum 14 IT Department Management Activities – \$215K-\$315K (upper range included)

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Software and Hardware Fees

Breakout of the Software and Hardware Fees in the Financial Update slide.

| Group / Vendor | Fees | | |
|--|---------------------------|--------------------|-----------------------|
| | Total Budget ² | Actual to Date | Variance ¹ |
| Software and Hardware³ | | | |
| Oracle JDE | 335,942 | 340,321 | 4,379 |
| Oracle CC&B | 482,500 | 482,500 | - |
| CDW | 412,000 | 380,862 | (31,138) |
| IPsoft | 43,500 | 43,500 | - |
| AT&T | 10,124 | (24,876) | (35,000) |
| Global Crossing | 750 | 750 | - |
| TOTALS | \$1,284,816 | \$1,223,057 | (\$61,759) |

1. A positive number is an over-budget & a negative number is an under-budget. The variance is calculated to the end of the project
2. Includes all addendums
3. These are one time costs & do not including recurring costs

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EXHIBIT LAD-3. Extract from Florida PSC Opinion PSC-II-0587-PAA-SU, DOCKET NO. 110153-5U

In 2009, UI divested several Florida subsidiaries including Miles Grant Water and Sewer Company, Utilities, Inc. of Hutchinson Island, and Wedgefield Utilities, Inc., as well as other subsidiaries in other states. In Order No. PSC-I 0-0585-PAA- WS, we found that allocating costs according to ERCs is an appropriate methodology to spread the cost of the Phoenix Project, but we did not find the Phoenix Project costs previously allocated to the divested subsidiaries would be reallocated to the surviving utilities. Because no added benefit was realized by the remaining subsidiaries, we found that was not fair, just, or reasonable for ratepayers to bear any additional allocated Phoenix Project costs. Thus, we ruled that the divested subsidiaries' allocation amounts shall be deducted from the total.

In Order No. PSC-I 0-0407-P AA-SU, we established the total cost of the Phoenix Project as of December 31, 2008, at \$21,617,487 and required UI to deduct \$1,724,166 from the total cost of the Phoenix Project to account for the divestiture of several subsidiaries resulting in a remaining balance of \$19,893,321.5 In this case, staff auditors determined that the Utility did not make the adjustment for the Phoenix Project that we ordered. According to Affiliate Audit Finding No.2, Eagle Ridge showed the Phoenix Project balance at December 31, 2008, to be \$21,545,555. The difference between the Utility's balance and the Commission-ordered balance is \$1,652,234 (\$21,545,555-\$19,893,321). Therefore, UI's balance for the Phoenix Project is reduced by \$1,652,234 to account for the divestiture of subsidiary utilities through 2009. The effect on the filing is a decrease to wastewater plant by \$15,696. Corresponding adjustments shall be made to decrease both accumulated depreciation by \$2,354 and depreciation expense by \$1,570. The depreciation calculation is based on a depreciation life often years for the Phoenix Project.

EXHIBIT LAD-4. Documentation showing the number of ERC's when Project Phoenix was implemented versus current ERCs

| State | Dec-08 | Dec-13 | Change |
|-----------------------|----------------|----------------|----------------|
| ARIZONA | 8,690 | 8,608 | -82 |
| FLORIDA | 86,405 | 63,210 | -23,195 |
| GEORGIA | 12,334 | 12,482 | 148 |
| ILLINOIS | 17,839 | 17,672 | -167 |
| INDIANA | 8,394 | 8,391 | -3 |
| KENTUCKY | 7,335 | 7,331 | -4 |
| LOUISIANA | 20,849 | 23,864 | 3,016 |
| MARYLAND | 4,593 | 4,595 | 2 |
| MISSISSIPPI | 0 | 0 | 0 |
| NEVADA | 19,489 | 21,006 | 1,518 |
| NEW JERSEY | 1,070 | 992 | -78 |
| NORTH CAROLINA | 65,974 | 54,242 | -11,732 |
| OHIO | 0 | 0 | 0 |
| PENNSYLVANIA | 6,386 | 6,412 | 26 |
| SOUTH CAROLINA | 31,225 | 32,865 | 1,640 |
| TENNESSEE | 557 | 563 | 6 |
| VIRGINIA | 5,515 | 5,988 | 472 |
| TOTAL | 296,653 | 268,218 | -28,435 |

FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET NO. 120161-WS EXHIBIT No. 5
 PARTY: UI/Larry Danielson (Direct)
 DESCRIPTION: (LAD-4) ECR Comparison when
 Project Phoenix was implemented and Dec. 2013

EXHIBIT LAD-5. Vendor Selection Results Extract

Financial Systems Evaluation: Summary

All four vendors are experienced in serving the mid-sized market and can meet the majority of Utilities, Inc.'s functional requirements without significant gaps. Lawson and JD Edwards appear to be the best fit for Utilities, Inc. Lawson received the highest demonstration scores, but JD Edwards was preferred by the Finance and HR/Payroll staff. Additionally, Lawson is the only vendor that provides an Enterprise Asset Management (EAM) solution that would be required if SPL was selected. However it should be noted that Lawson have only recently acquired their EAM and it has been integrated with Lawson Financials only once. A third party EAM solution may need to be evaluated separately.

| Product Eval. Criteria | | Lawson ¹ | JD Edwards ² | Agresso ³ | Great Plains |
|------------------------|----------------------------|---------------------|-------------------------|----------------------|--------------|
| RFP | Functional - RFP | | | | |
| | Technical | | | | |
| | Vendor Overview | | | | |
| | Cost ⁴ | | | | |
| Demo | Functional - Demonstration | | | | |
| Overall | | | | | |

- Highest Rating ○ Lowest Rating
- 1 Does not include Lawson's Enterprise Asset Management module.
- 2 Oracle JD Edwards Enterprise 1
- 3 Agresso is also referred to as Hansen Financials. Agresso only integrates with Hansen CIS.
- 4 Excludes customization costs

Financial Systems Evaluation: Functional - RFP

The functional evaluation considers the vendors' response to the RFP as well as their ability to execute the scenarios in the vendor demonstration. All vendors were selected for demonstrations because their RFP responses indicated that they met most of Utilities, Inc.'s functional requirements.

| | Lawson | | JD Edwards | | Agresso | | Great Plains | | Scoring Explanation |
|---------------------|--------|-------------------|------------|------|---------|------|--------------|------|---|
| | RFP | Demo | RFP | Demo | RFP | Demo | RFP | Demo | |
| General Ledger | 9.5 | 8.9 | 9.9 | 9.1 | 10.0 | 7.1 | 9.6 | 7.1 | RFP ▶ Represents the un-weighted score given to each requirement from the vendor RFP responses ▶ Measures the solution's ability to meet Utilities, Inc.'s functional requirements ▶ Range is from 0 -10 based on the level of customization (if the requirement was met "Out of the box" it received a 10 and if it "cannot perform" the requirement it received a 0) Demo ▶ Represents the average score awarded to each demo script by all Utilities, Inc. and Deloitte participants ▶ Measures the solution's ability to demonstrate the functionality described in the scripts ▶ Range is from 0 – 10 based on the ability to perform the script (if the solution "meets all requirements" it received a 10 and if it "does not meet requirements" it received a 0) |
| Budgeting | 9.9 | 8.8 | 9.0 | 8.3 | 10.0 | 7.5 | 9.9 | 7.5 | |
| Requisitioning | 9.9 | 9.2 | 9.7 | 8.5 | 10.0 | 7.1 | 9.9 | 7.1 | |
| Accounts Payable | 9.9 | 8.8 | 9.7 | 8.5 | 10.0 | 7.3 | 9.7 | 7.3 | |
| Fixed Assets | 10.0 | 9.1 | 9.7 | 9.2 | 7.7 | 7.6 | 9.5 | 7.6 | |
| Repairs and Main. | 9.1 | 8.1 | 9.9 | 6.6 | 7.2 | 8.8 | 8.0 | 7.8 | |
| Capital Projects | 9.4 | 8.3 | 8.8 | 8.9 | 9.9 | 7.7 | 7.9 | 7.7 | |
| Accounts Receivable | 6.8 | 9.9 | 8.1 | 6.7 | 10.0 | 8.6 | 10.0 | 8.3 | |
| HR and Payroll | 9.9 | 9.2 | 9.8 | 9.1 | 10.0 | 8.5 | 9.8 | 8.5 | |
| Composite | 84.4 | 80.5 ¹ | 84.6 | 74.9 | 84.8 | 70.2 | 84.3 | 68.9 | |

Payroll was evaluated, however no discussion has been held in relation to insourcing this function as this is out of scope.

¹ Lawson did not demonstrate their AR module. If selected with SPL, they would use SPL's AR module. This is the demo score for SPL's AR module.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120161-WS EXHIBIT No. 7
PARTY: UI/Sharon Wiorek (Direct)
DESCRIPTION: (SW-1)Deloitte Consulting Contract.

Docket No. 120161-WS
UI Accounting & Computer System
Exhibit SW-1, Page 1 of 4

Deloitte

Deloitte Consulting LLP
100 Kimball Drive
Parcipany, NJ 07054
USA

Tel: 973 602-6000
www.deloitte.com

March 26, 2012

PRIVILEGED & CONFIDENTIAL
WORK PRODUCT PREPARED
FOR COUNSEL

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
766 N. Sun Drive
Suite 4030
Lake Mary, FL 32746

Re: Docket No. 110153-SU; Application for increase in wastewater rates in Lee County by Utilities, Inc. of Eagle Ridge

Dear Mr. Friedman:

UNDERSTANDING OF ROLE

This letter sets forth the agreement between Sundstrom, Friedman & Fumero, LLP ("Counsel") and Deloitte Consulting LLP ("Deloitte Consulting"), effective as of March 26, 2012, whereby Deloitte Consulting personnel will provide to Counsel the services described herein (this "Engagement"). We understand that such services are being requested by Counsel in connection with Counsel's representation of Utilities, Inc. and its subsidiaries (the "Company") in the above-entitled matter and related matters. We agree that Larry Danielson (the "Expert Witness") will be prepared to testify as to his work and opinions in the above-entitled matter.

We understand that the work product and files of the Expert Witness may be subject to discovery; however until such material are subpoenaed, they will be maintained by us as confidential in accordance with the terms hereof.

Counsel agrees that it will advise Deloitte Consulting in a timely manner of any applicable legal requirements concerning the services to be provided by Deloitte Consulting, including, without limitation, the identification of any reports to be provided by Deloitte Consulting, the formats of, and filing deadlines for, such reports, and the legal requirements, if any, concerning the retention of our notes, draft reports, or other work product. Deloitte Consulting does not, in advance of obtaining sufficient relevant information and completing its analyses, provide any assurance that it will be able to support any position.

Deloitte Consulting is prepared to assist Counsel in its evaluation of the "Phoenix Project" in connection with this matter. The specific procedures to be performed by Deloitte Consulting will be mutually established based on discussions with you as the Engagement progresses and additional information is obtained during the course of the Engagement. Deloitte Consulting is also prepared to provide mutually agreeable assistance in any other areas that may be identified during the course of this Engagement.

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
March 26, 2012

Counsel and the Company each agree that, without Deloitte Consulting's prior written permission, any reports, schedules, documents, or other materials provided by Deloitte Consulting ("Deloitte Consulting Work product") are not to be used, in whole or in part, by Counsel or the Company for any purpose other than in connection with the resolution or disposition of the disputed matters or controversies that are the subject of this Engagement (the "Dispute"), and are not to be disclosed, quoted or referenced, in whole or in part, to any other person or entity ("third party") other than those third parties that are adverse to the Company in the Dispute, their legal counsel, other consultants to legal counsel in this matter and any court or other tribunal in which the Dispute is then pending. This Engagement shall not create privity between Deloitte Consulting and any third party. Neither the Deloitte Consulting Work product nor the services provided hereunder are intended for the express or implied benefit of any third party.

CONFLICTS

We performed an internal search for any potential client conflicts (the "Conflicts Search") based upon the names of the parties that you have provided (the "Involved Parties"). Nothing has come to our attention that, in our judgment, would impair our ability to objectively serve you in this Engagement. Except for the Conflicts Search, we have not undertaken any process to identify any other relationships with the Involved Parties. Counsel agrees that it will inform us promptly of additional parties to this matter or of name changes for those parties whose names were provided by Counsel.

As you know, Deloitte Consulting and its affiliates have many clients and we are engaged by new clients every day. Therefore, we cannot assure that, following the completion of our Conflicts Search, an engagement relating to one or more of the Involved Parties will not be accepted. You can assist us in monitoring any potential future conflicts by promptly disclosing our retention to the other side, but of course only if consistent with your case strategy. Should any potential conflict come to the attention of our Engagement Principal, we will endeavor to resolve such potential conflict and will determine what action needs to be taken.

Any counsel representing parties involved in this matter may have in the past engaged, represented or opposed, and may currently or in the future engage, represent or oppose, Deloitte Consulting and/or its affiliates and their respective personnel in connection with matters unrelated to this Engagement. Also, any insurance carrier providing coverage to parties involved in this matter may have provided, may currently be providing, or may in the future provide coverage to a party, or may itself be a party, involved in a matter unrelated to this Engagement where Deloitte Consulting and/or its affiliates have provided, are currently providing, or may in the future provide consultation or other services, or where Deloitte Consulting or its affiliates may be a party.

ENGAGEMENT STAFFING AND FEES

I will participate as Engagement Principal, maintaining overall responsibility for the engagement on behalf of Deloitte Consulting. Technical support may also be provided by other professionals who will be identified during the course of the Engagement.

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
March 26, 2012

We bill on a time and expense basis, with our fees determined by the tasks required and the related time spent. Our per-hour billing rates are as follows:

| | |
|----------------|-------|
| Principal | \$684 |
| Senior Manager | \$584 |
| Manager | \$536 |

Hourly charges for other appropriate professional employees of Deloitte Consulting will range from \$316 to \$448 per hour. Our hourly rates are adjusted from time to time; we will advise you promptly if a rate adjustment is being made by Deloitte Consulting. Engagement related expenses, will be billed in addition to the fees. Expenses will be stated separately on the invoices.

Our normal practice is to obtain a retainer, and we are herewith requesting such a retainer of \$50,000. We may require additional amounts to be paid to us as a retainer from time to time. The retainer will be held against the final invoice for this Engagement; any unused retainer will, of course, be refunded.

The scope of our services, as well as the complexity and duration of this Engagement, can vary greatly due to circumstances which may not be anticipated. Our fees and expenses are not contingent upon the final resolution of the matters that are the subject of this Engagement. It is our normal practice that we are paid in full for all work performed to date prior to our issuance of any report and/or providing testimony.

In addition, we will be compensated for any time and expenses (including, without limitation, reasonable legal fees and expenses) that we may incur in considering or responding to discovery requests or other requests for documents or information, or in participating as a witness or otherwise in any legal, regulatory, or other proceedings (including, without limitation, those unrelated to the matters that are the subject of this Engagement) as a result of Deloitte Consulting's performance of these services.

The attached General Business Terms are incorporated by reference into this engagement letter. For the purposes of the attached General Business Terms, "Client" shall mean, individually and collectively, the Company and Counsel. Utilities, Inc. represents and warrants that it has the power and authority to execute this letter on behalf of, and to bind, itself and its subsidiaries to the terms of this Engagement.

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
March 26, 2012

If you and your client agree to the terms of this letter and the attached General Business Terms, please sign and have your client sign the enclosed copy of this letter in the space provided and return it to me. If you have any questions, please call me at (908) 625-7826. We appreciate the opportunity to work with you and look forward to your prompt response.

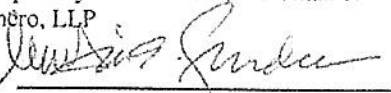
Very truly yours,

DELOITTE CONSULTING LLP

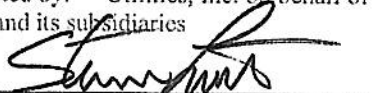
By: 
Larry Danielson, Principal

Encl.

Accepted by: Sundstrom, Friedman &
Fumero, LLP

By: 
Title: PARTNER
Date: 3.28.12

Accepted by: Utilities, Inc. on behalf of
itself and its subsidiaries

By: 
Title: CRD
Date: 3/30/12

Explanation: Provide the total amount of rate case expense requested in the application. State whether the total includes the amount up to proposed agency action or through a hearing before the Commission. Provide a list of each firm providing services for the applicant, the individuals for each firm assisting in the application, including each individual's hourly rate, and an estimate of the total charges to be incurred by each firm, as well as a description of the type of services provided. Also provide the additional information for amortization and allocation method, including support behind this determination.

| Line No. | (1) Firm or Vendor Name | (2) Counsel, Consultant or Witness | (3) Hourly Rate Per Person | (4) Actual Hours | (5) Total Actual of Charges by Firm | (6) Estimated Remaining Hours | (7) Total Estimated of Charges Remaining | (8) Total Estimated And Actual Charges by Firm | (9) Type of Service Rendered |
|----------|---|---------------------------------------|-------------------------------|---------------------|--|----------------------------------|---|---|---|
| 1 | Deloitte Consulting, LLP | Principal | 684.00 | 21.0 | 14,364 | 56 | 38,304 | 52,668 | Consultant/Expert Witness Fees |
| 2 | Deloitte Consulting, LLP | Manager | 524.00 | 90.6 | 47,452 | - | - | 47,452 | Consultant/Expert Witness Fees |
| 3 | Deloitte Consulting, LLP | Expenses | n/a | | 8 | | 1,200 | 1,208 | Various Expenses (travel, photocopies, phone calls) associated with Consultant/Expert Witness Fees |
| 4 | Friedman, Friedman & Long, P.A. | Partner | 340.00 | 10.5 | 3,570 | | - | 3,570 | Legal Fees |
| 5 | Friedman, Friedman & Long, P.A. | Partner | 350.00 | 26.2 | 9,170 | 75 | 26,250 | 35,420 | Legal Fees |
| 6 | Friedman, Friedman & Long, P.A. | Expenses | n/a | | 693 | | 1,640 | 2,333 | Various Expenses (travel, photocopies, phone calls) associated with Legal Fees |
| 7 | Water Service Corp. | In-house Staff | n/a | 96.5 | 4,603 | 120 | 5,724 | 10,326 | Assist with data requests, pre-filed testimony, trial preparation, testimony and post-hearing brief |
| 8 | Water Service Corp. | | n/a | n/a | - | n/a | 12,000 | 12,000 | Travel, Hotel/Accommodation, Rental Care, Airfare |
| 9 | | | | | | | | - | |
| 10 | | | | | | | | | |
| 11 | | | | | <u>\$ 79,860</u> | | | <u>\$ 164,976</u> | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | [] PAA | | | | | | | | |
| 15 | [X] Commission Hearing | | | | | | | | |
| 16 | | | | | | | | | |
| 17 | Amortization Period 4 Years | | | | | | | | \$41,245 |
| 18 | Explanation if different from Section 367.0816, Florida | | | | | | | | |
| 19 | | | | | | | | | |

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 8

PARTY: UI/Sharon Wiorek (Direct)

DESCRIPTION: (SW-2) Rate case expense.

Utilities, Inc.

Docket No. 120161-WS GENERIC PROJECT PHOENIX DOCKET

Friedman, Friedman & Long, P.A. – Actual and Estimated Rate Case Expense

Actual Billed and Unbilled: \$13,433.40 – attorneys’ fees and costs through January 31, 2014
 (Invoices and Reports Attached)

Estimated:

| <u>Hours</u> | <u>Description</u> |
|---------------------|--|
| 10.0 hrs | Respond to OPC discovery and objections and Motions related thereto; |
| 6.0 hrs | Preparation of Prefiled Rebuttal Testimony and Exhibits |
| 10.0 hrs | Travel to Tallahassee and attend Pre-Hearing Conference |
| 28.0 hrs | Travel to Tallahassee & Preparation and attend hearing |
| 10.0 hrs | Research and Draft Post-Hearing Brief |
| 1.0 hrs | Review Staff Recommendation and conference with Client |
| 10.0 hrs | Attend Commission Conference on Final Action |
| 75.0 hrs @ \$350/hr | \$26,250.00 |

\$ 1,500.00 Attend Commission Conferences, Prehearing & Final Hearing
 \$ 50.00 Estimated photocopier costs
\$ 90.00 Estimated courier costs
 \$ 1,640.00 TOTAL Estimated Costs

TOTAL ATTORNEYS’ FEES AND COSTS: \$ 41,323.40



Deloitte Consulting LLP
 Taxpayer ID No. 061454513
 Billing Office:
 Parsippany
 100 Kimball Drive
 PARSIPPANY NJ 07054-0319

Billing Address:

Martin S. Friedman
 Sundstrom, Friedman & Fumero, LLP
 776 N. Sun Dr.
 Suite 4030
 LAKE MARY FL 32746

INVOICE

Docket No. 120161-WS
 UI Accounting & Computer System
 Exhibit SW-2, Page 3 of 26

Date: September 27, 2012

Invoice Number: **8001747840**

Payment instructions:

Please reference all 10 digits of the invoice number with your check or wire transfer. You may also include a copy of our invoice along with the payment.



Check payment mailing address:
 Deloitte Consulting LLP
 PO Box 7247-6447
 PHILADELPHIA PA 19170-6447
 USA

Payment Terms: Per Contract or Upon Receipt

Fees

| | |
|--|--------------|
| For professional services rendered to-date for the Utilities Witness Inc. Expert Witness Engagement | \$ 61,816.00 |
|--|--------------|

Expenses

\$ 8.00

Amount Due

\$ 61,824.00

All amounts represent USD

May include fees and expenses from affiliated and related entities.

| Utilities Inc. Litigation Support - Deloitte Services Breakdown | | | | | |
|---|-----------|-----------------|--------------|-------------------|----------------------------------|
| Period | Date | Hours Charged | | | Services Provided |
| | | Larry Danielson | Jeff LaBelle | Sury Bhattacharya | |
| Week 1 | 14-May-12 | 1 | 1 | - | Information Gathering & Research |
| | 15-May-12 | 1 | 2 | - | Information Gathering & Research |
| | 16-May-12 | 1 | 1 | - | Information Gathering & Research |
| | 17-May-12 | 1 | | 8 | Information Gathering & Research |
| | 18-May-12 | 3 | | 8 | Information Gathering & Research |
| Week 2 | 21-May-12 | 2 | | 8 | Analysis |
| | 22-May-12 | 1 | | 8 | Analysis |
| | 23-May-12 | 1 | | 8 | Documentation Development |
| | 24-May-12 | 1 | | 8 | Documentation Development |
| | 25-May-12 | 1 | | 8 | Documentation Development |
| Week 3 | 28-May-12 | | | - | - |
| | 29-May-12 | | | 8 | Documentation Development |
| | 30-May-12 | | | 8 | Documentation Review & Update |
| | 31-May-12 | 1 | | 8 | Documentation Review & Update |
| | 1-Jun-12 | | | 8 | Documentation Review & Update |
| Total | | 14 | 4 | 88 | |

Utilities, Inc.

Docket No. 120161-WS **GENERIC PROJECT PHOENIX DOCKET**

Friedman, Friedman & Long, P.A. – Actual and Estimated Rate Case Expense

Actual Billed and Unbilled: \$13,433.40 – attorneys’ fees and costs through January 31, 2014
(Invoices and Reports Attached)

Estimated:

| <u>Hours</u> | <u>Description</u> |
|---------------------|--|
| 10.0 hrs | Respond to OPC discovery and objections and Motions related thereto; |
| 6.0 hrs | Preparation of Prefiled Rebuttal Testimony and Exhibits |
| 10.0 hrs | Travel to Tallahassee and attend Pre-Hearing Conference |
| 28.0 hrs | Travel to Tallahassee & Preparation and attend hearing |
| 10.0 hrs | Research and Draft Post-Hearing Brief |
| 1.0 hrs | Review Staff Recommendation and conference with Client |
| 10.0 hrs | Attend Commission Conference on Final Action |
| 75.0 hrs @ \$350/hr | \$26,250.00 |

\$ 1,500.00 Attend Commission Conferences, Prehearing & Final Hearing
\$ 50.00 Estimated photocopier costs
\$ 90.00 Estimated courier costs
\$ 1,640.00 TOTAL Estimated Costs

TOTAL ATTORNEYS’ FEES AND COSTS: \$ 41,323.40

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP

2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JUNE 15, 2012
INVOICE # 47729
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|------|-------------|
| 5/22/12 MSF | RESEARCH AND DRAFT MOTION TO ESTABLISH GENERIC DOCKET; PREPARE FOR AND PARTICIPATE IN CONFERENCE CALL WITH MR. BHATTACHARYA, MR. DANIELSON AND MR. LUBERTOZZI REGARDING DELOITTE PRE-FILED TESTIMONY; LETTER TO ALL WITH BACKGROUND; | 2.70 | 918.00 |
| 5/23/12 MSF | FINALIZE AND FILE PETITION TO ESTABLISH GENERIC DOCKET | .40 | 136.00 |
| | TOTAL HOURS | 3.10 | |
| | PROFESSIONAL FEES | | \$ 1,054.00 |

| | | |
|-------------------|------|----------|
| MARTIN S FRIEDMAN | 3.10 | 1,054.00 |
|-------------------|------|----------|

| | |
|-----------------|-------|
| FEDERAL EXPRESS | 37.16 |
| PHOTOCOPIES | 22.25 |

| | |
|----------------------|----------|
| TOTAL COSTS ADVANCED | \$ 59.41 |
|----------------------|----------|

| | |
|-----------------|-------------|
| TOTAL STATEMENT | \$ 1,113.41 |
|-----------------|-------------|

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

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WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JULY 11, 2012
INVOICE # 47964
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|------|--------|
| 6/05/12 MSF | TELEPHONE CONFERENCE WITH MR. BHATTACHARYA. WHO TELEPHONED REGARDING PRE-FILED TESTIMONY | .50 | 170.00 |
| 6/06/12 MSF | REVIEW AND COMMENT UPON PROPOSED TESTIMONY FOR MR. DANIELSON | .40 | 136.00 |
| 6/07/12 MSF | REVIEW MR. DANIELSON'S PRE-FILED TESTIMONY AND PREPARE FOR AND PARTICIPATE IN CONFERENCE CALL WITH MR. DANIELSON AND OTHERS REGARDING SAME; TELEPHONE CONFERENCE WITH MR. LUBERTOZZI AND MR. BARENBROOK REGARDING POTENTIAL TESTIMONY | 1.60 | 544.00 |
| 6/11/12 MSF | TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLER WHO TELEPHONED; REVIEW MOTION TO ENLARGE ISSUES AND LETTER TO CLIENT CONCERNING SAME | .50 | 170.00 |
| | TOTAL HOURS | 3.00 | |

PROFESSIONAL FEES \$ 1,020.00

MARTIN S FRIEDMAN 3.00 1,020.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 1,020.00
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
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UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

AUGUST 10, 2012
INVOICE # 48204
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|------|--------|
| 7/03/12 MSF | TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLOR WHO TELEPHONED; CORRESPONDENCE WITH COMPANY; REVIEW ISSUES LIST FROM PSC STAFF; PARTICIPATE IN CONFERENCE CALL WITH PSC STAFF, OPC, AND COMPANY; FOLLOW-UP TELEPHONE CONFERENCE WITH MS. AQUILINO WHO TELEPHONED | 1.10 | 374.00 |
| 7/07/12 MSF | REVIEW AND COMMENT TO MR. BHATTACHARYA ON MR. DANIELSON'S PRE-FILED DIRECT TESTIMONY | .30 | 102.00 |
| 7/31/12 MSF | TELEPHONE CONFERENCE WITH MS. VANDIVER FROM OPC WHO TELEPHONED; REVIEW OPC LIST OF QUESTIONS AND FORWARD TO MS. AQUILINO AND OTHERS; DRAFT LETTER REGARDING MR. DANIELSON'S PRE-FILED TESTIMONY | .80 | 272.00 |
| | TOTAL HOURS | 2.20 | |

PROFESSIONAL FEES \$ 748.00

MARTIN S FRIEDMAN 2.20 748.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 748.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP

2548 BLAIRSTONE PINES DR
TALLAHASSEE FLORIDA 32301

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(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

OCTOBER 10, 2012
INVOICE # 48622
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

9/20/12 MSF TELEPHONE CONFERENCE WITH MR. FLETCHER; LETTER TO .20 68.00
CLIENT

TOTAL HOURS .20

PROFESSIONAL FEES \$ 68.00

MARTIN S FRIEDMAN .20 68.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 68.00

=====

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TALLAHASSEE, FLORIDA 32301

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(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
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UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

NOVEMBER 8, 2012
INVOICE # 48854
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|---|------|--------|
| 10/15/12 MSF | RESEARCH AND DRAFT JOINT MOTION FOR ABEYANCE OF DOCKET AND LETTER TO OPC ATTORNEY SAYLER CONCERNING SAME | .80 | 272.00 |
| 10/17/12 MSF | TELEPHONE CONFERENCE WITH OPC ATTORNEYS AND STAFF WHO TELEPHONED; REVISED JOINT MOTION AND LETTER TO ATTORNEY | .50 | 170.00 |
| | TOTAL HOURS | 1.30 | |

PROFESSIONAL FEES \$ 442.00

MARTIN S FRIEDMAN 1.30 442.00

PHOTOCOPIES 5.25

TOTAL COSTS ADVANCED \$ 5.25

TOTAL STATEMENT \$ 447.25
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
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UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

DECEMBER 12, 2012
INVOICE # 49060
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|--|-----|-------|
| 11/06/12 MSF | REVIEW PSC ORDER APPROVING EXTENSION OF INFORMAL INVESTIGATORY PERIOD AND LETTER TO CLIENT CONCERNING SAME | .20 | 68.00 |
|--------------|--|-----|-------|

| | | | |
|-------------|--|-----|--|
| TOTAL HOURS | | .20 | |
|-------------|--|-----|--|

| | | | |
|-------------------|--|----------|--|
| PROFESSIONAL FEES | | \$ 68.00 | |
|-------------------|--|----------|--|

| | | | |
|-------------------|--|-----|-------|
| MARTIN S FRIEDMAN | | .20 | 68.00 |
|-------------------|--|-----|-------|

| | | | |
|-------------|--|-----|--|
| PHOTOCOPIES | | .75 | |
|-------------|--|-----|--|

| | | | |
|----------------------|--|--------|--|
| TOTAL COSTS ADVANCED | | \$.75 | |
|----------------------|--|--------|--|

| | | | |
|-----------------|--|----------------------------|--|
| TOTAL STATEMENT | | ----- \$ 68.75 ===== | |
|-----------------|--|----------------------------|--|

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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

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WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JANUARY 10, 2013
INVOICE # 49266
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|---|-----|--------|
| 12/20/12 MSF | REVIEW AND COMMENT UPON RESPONSES TO OPC QUESTIONS; FOLLOW-UP CORRESPONDENCE WITH MS. MARKWELL AND MS. AQUILINO | .50 | 170.00 |
|--------------|---|-----|--------|

| | | | |
|-------------|--|-----|--|
| TOTAL HOURS | | .50 | |
|-------------|--|-----|--|

| | | | |
|-------------------|--|-----------|--|
| PROFESSIONAL FEES | | \$ 170.00 | |
|-------------------|--|-----------|--|

| | | | |
|-------------------|-----|--------|--|
| MARTIN S FRIEDMAN | .50 | 170.00 | |
|-------------------|-----|--------|--|

| | | | |
|----------------------|--|--------|--|
| TOTAL COSTS ADVANCED | | \$.00 | |
|----------------------|--|--------|--|

| | | | |
|-----------------|--|-----------|--|
| TOTAL STATEMENT | | \$ 170.00 | |
|-----------------|--|-----------|--|

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

MARCH 11, 2013
INVOICE # 49722
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|------|--------|
| 2/05/13 MSF | PREPARE FOR AND PARTICIPATE IN CONFERENCE CALL WITH STAFF COMPANY AND OPC | 1.70 | 595.00 |
| 2/07/13 MSF | REVIEW OPC FOLLOW-UP QUESTIONS AND LETTER TO MS. MERCHANT AT OPC CONCERNING SAME | .30 | 105.00 |
| 2/17/13 MSF | REVIEW SECOND MOTION TO EXTEND DEADLINE AND LETTER TO OPC ATTORNEY SAYLER CONCERNING SAME | .20 | 70.00 |
| | TOTAL HOURS | 2.20 | |

PROFESSIONAL FEES \$ 770.00

MARTIN S FRIEDMAN 2.20 770.00

PHOTOCOPIES 1.75

TOTAL COSTS ADVANCED \$ 1.75

TOTAL STATEMENT \$ 771.75

=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

APRIL 10, 2013
INVOICE # 49934
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

3/04/13 MSF TELEPHONE CONFERENCE WITH MR. LUBERTOZZI WHO .60 210.00
TELEPHONED; CORRESPONDENCE WITH MR. DANIELSON;
CORRESPONDENCE MS. MARKWELL; LETTER TO OPC AND
STAFF

TOTAL HOURS .60

PROFESSIONAL FEES \$ 210.00

MARTIN S FRIEDMAN .60 210.00

PHOTOCOPIES 1.25

TOTAL COSTS ADVANCED \$ 1.25

TOTAL STATEMENT -----
\$ 211.25
=====

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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

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UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

MAY 9, 2013
INVOICE # 50196
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

4/17/13 MSF CORRESPONDENCE WITH OPC ATTORNEY SAYLOR AND MS. .20 70.00
MARKWELL REGARDING FOLLOW-UP QUESTIONS

TOTAL HOURS .20

PROFESSIONAL FEES \$ 70.00

MARTIN S FRIEDMAN .20 70.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT -----
\$ 70.00
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP

2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JUNE 11, 2013
INVOICE # 50410
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|------|--------|
| 5/10/13 MSF | REVIEW PROPOSED RESPONSES TO OPC FOLLOW-UP QUESTIONS NAD LETTER TO OPC | .30 | 105.00 |
| 5/17/13 MSF | REVIEW PSC ORDER EXTENDING INFORMAL INVESTIGATORY PERIOD AND LETTER T MS. MARKWELL AND OTHERS CONCERNING SAME | .10 | 35.00 |
| 5/21/13 MSF | REVIEW RESPONSES TO FOLLOW-UP QUESTIONS FROM OPC AND COMMENT TO MS. MARKWELL CONCERNING SAME | .40 | 140.00 |
| 5/24/13 MSF | TELEPHONE CONFERENCE WITH MS. MARKWELL; FINALIZE ADDITIONAL RESPONSES TO OPC FOLLOW-UP QUESTIONS | .30 | 105.00 |
| | TOTAL HOURS | 1.10 | |

PROFESSIONAL FEES \$ 385.00

MARTIN S FRIEDMAN 1.10 385.00

PHOTOCOPIES 1.00

TOTAL COSTS ADVANCED \$ 1.00

TOTAL STATEMENT \$ 386.00
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JULY 10, 2013
INVOICE # 50648
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|-----|--------|
| 6/24/13 MSF | REVIEW AND COMMENT UPON OPC'S SECOND SET OF FOLLOW-UP QUESTIONS | .20 | 70.00 |
| 6/26/13 MSF | CORRESPONDENCE WITH MS. MARKWELL, PSC AND OPC ATTORNEYS; REVIEW AND COMMENT UPON FOURTH AMENDMENT AND LETTER TO OPC ATTORNEY SAYLOR CONCERNING SAME; | .50 | 175.00 |
| 6/27/13 MSF | CORRESPONDENCE WITH OPC ATTORNEY; REVIEW AND COMMENT UPON ON REVISIONS TO FOURTH MOTION; | .30 | 105.00 |

TOTAL HOURS 1.00

PROFESSIONAL FEES \$ 350.00

MARTIN S FRIEDMAN 1.00 350.00

PHOTOCOPIES 1.00

TOTAL COSTS ADVANCED \$ 1.00

TOTAL STATEMENT \$ 351.00
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

AUGUST 13, 2013
INVOICE # 50877
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

7/10/13 MSF REVIEW NOTICE OF HEARING AND CORRESPONDENCE WITH .70 245.00
MR. FLYNN; RESEARCH AND DRAFT MOTION FOR
CONTINUANCE AND LETTER TO OPC AND STAFF ATTORNEYS
CONCERNING SAME; SEVERAL TELEPHONE CONFERENCE
WITH PSC ATTORNEY BARRERA WHO TELEPHONED; LETTER
TO MS. MARKWELL;

TOTAL HOURS .70

PROFESSIONAL FEES \$ 245.00

MARTIN S FRIEDMAN .70 245.00

PHOTOCOPIES 2.00

TOTAL COSTS ADVANCED \$ 2.00

TOTAL STATEMENT -----
\$ 247.00
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP

2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

SEPTEMBER 11, 2013
INVOICE # 51078
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|-------|-------------|
| 8/05/13 MSF | REVIEW AND REVISE THE LATEST RESPONSES TO OPC INFORMAL QUESTIONS; LETTER TO OPC ATTORNEY SAYLOR CONCERNING SAME; | .80 | 280.00 |
| 8/06/13 MSF | REVIEW AND FINALIZE REMAINING RESPONSES TO OPC INFORMAL QUESTIONS; | .30 | 105.00 |
| 8/12/13 MSF | TRAVEL TO TALLAHASSEE FOR PSC HEARING; FINAL PREPARATION AND ATTEND HEARING; RETURN TO LAKE MARY OFFICE; | 9.30 | 3,255.00 |
| 8/13/13 MSF | RESEARCH AND DRAFT LETTER TO MS. MARKWELL | .20 | 70.00 |
| | TOTAL HOURS | 10.60 | |
| | PROFESSIONAL FEES | | \$ 3,710.00 |

MARTIN S FRIEDMAN 10.60 3,710.00

TRAVEL EXPENSE 344.55
PHOTOCOPIES 5.25

TOTAL COSTS ADVANCED \$ 349.80

TOTAL STATEMENT \$ 4,059.80
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP

2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

OCTOBER 9, 2013
INVOICE # 51250
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|-----|----------|
| 9/02/13 MSF | REVIEW PSC ORDER GRANTING FOURTH EXTENSION AND LETTER TO MS. MARKWELL AND OTHERS CONCERNING SAME; | .20 | 70.00 |
| | TOTAL HOURS | .20 | |
| | PROFESSIONAL FEES | | \$ 70.00 |

| | | |
|-------------------|-----|-------|
| MARTIN S FRIEDMAN | .20 | 70.00 |
|-------------------|-----|-------|

| | |
|----------------------|--------|
| TOTAL COSTS ADVANCED | \$.00 |
|----------------------|--------|

| | |
|-----------------|----------------------------|
| TOTAL STATEMENT | ----- \$ 70.00 ----- |
|-----------------|----------------------------|

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

NOVEMBER 12, 2013
INVOICE # 51542
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|--|------|-----------|
| 10/08/13 MSF | REVIEW FILE AND DRAFT ISSUES; LETTER TO MR. LUBERTOZZI CONCERNING SAME; | .30 | 105.00 |
| 10/14/13 MSF | RESEARCH AND DRAFT NOTICE OF ISSUES | .40 | 140.00 |
| 10/15/13 MSF | SEVERAL TELEPHONE CONFERENCES WITH OPC ATTORNEY SAYLER WHO TELEPHONED; REVIEW OPC MOTION TO ALLOW LATE FILED LIST OF ISSUES AND LETTER TO CLIENT CONCERNING SAME; | .50 | 175.00 |
| 10/20/13 MSF | REVIEW AND COMMENT UPON OPC PROPOSED STIPULATIONS | .20 | 70.00 |
| 10/25/13 MSF | REVIEW AND REVISE PROPOSED STIPULATION AND LETTER TO MS. MARKWELL CONCERNING SAME; | .30 | 105.00 |
| 10/30/13 MSF | FINALIZE COMMENTS TO OPC'S PROPOSED STIPULATIONS AND LETTER TO OPC ATTORNEY SAYLER CONCERNING SAME; TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLER, MS. MERCHANT AND MS. VANDIVER WHO TELEPHONED; | .70 | 245.00 |
| | TOTAL HOURS | 2.40 | |
| | PROFESSIONAL FEES | | \$ 840.00 |

MARTIN S FRIEDMAN

2.40

840.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC

Invoice #: 51542

PAGE 2

PHOTOCOPIES .50

TOTAL COSTS ADVANCED \$.50

TOTAL STATEMENT \$ 840.50
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

DECEMBER 11, 2013
INVOICE # 51655
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|--|-----|--------|
| 11/01/13 MSF | REVIEW "FINAL" SETTLEMENT AND LETTER TO MS. MARKWELL AND OTHERS CONCERNING SAME; | .30 | 105.00 |
| 11/06/13 MSF | REVIEW PROPOSED STIPULATION FROM OPC AND LETTER TO MR. LUBERTOZZI AND OTHERS CONCERNING SAME; | .30 | 105.00 |
| 11/07/13 MSF | REVIEW AND REVISE JOINT MOTION TO APPROVE SETTLEMENT AGREEMENT AND LETTER TO ATTORNEY SAYLER AT OPC CONCERNING SAME; | .40 | 140.00 |

TOTAL HOURS 1.00

PROFESSIONAL FEES \$ 350.00

MARTIN S FRIEDMAN 1.00 350.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 350.00
=====

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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-2783536

(850) 877-6555

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WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JANUARY 10, 2014
INVOICE # 51893
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|---|-----|-----------|
| 12/06/13 MSF | REVIEW STAFF RECOMMENDATION ON SETTLEMENT STIPULATION WITH OPC AND LETTER TO CLIENT CONCERNING SAME | .30 | 105.00 |
| 12/10/13 MSF | REVIEW AND RESPOND TO CORRESPONDENCE FROM MR. DURHAM; | .10 | 35.00 |
| | TOTAL HOURS | .40 | |
| | PROFESSIONAL FEES | | \$ 140.00 |

| | | |
|-------------------|-----|--------|
| MARTIN S FRIEDMAN | .40 | 140.00 |
|-------------------|-----|--------|

| | |
|-------------|-------|
| PHOTOCOPIES | 11.50 |
|-------------|-------|

| | |
|----------------------|----------|
| TOTAL COSTS ADVANCED | \$ 11.50 |
|----------------------|----------|

| | |
|-----------------|-----------|
| TOTAL STATEMENT | \$ 151.50 |
|-----------------|-----------|

WebTime Query Report

0003 - MARTIN S FRIEDMAN

02/08/2014

| Date | Client | Client Name | Matter | Matter Description | SM/Task | Service | Hours | Rate |
|---------------------------------|--------|----------------|--------|--|---------|---------|-------------|------|
| 01/06/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX TRAVEL TO TALLAHASSEE FOR PSC AGENDA (TIME AND TRAVEL SPLIT WITH UIF RATE CASE DOCKET) | | 10000 | 2.00 | A |
| Date Total (01/06/2014): | | | | | | | 2.00 | |
| 01/07/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX PREPARE FOR AND ATTEND PUBLIC SERVICE COMMISSION AGENDA AND REPORT OUTCOME TO CLIENT AND RETURN TO CENTRAL FLORIDA (TIME AND TRAVEL SPLIT WITH UIF RATE CASE DOCKET) | | 10000 | 2.70 | A |
| Date Total (01/07/2014): | | | | | | | 2.70 | |
| 01/16/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX REVIEW PSC ORDER ESTABLISHING PROCEDURE AND LETTER TO MR. LUBERTOZZI AND OTHERS CONCERNING SAME; | | 10000 | 0.30 | A |
| Date Total (01/16/2014): | | | | | | | 0.30 | |
| 01/22/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX REVIEW PSC ORDER APPROVING STIPULATION AND LETTER TO MR. LUBERTOZZI AND OTHERS CONCERNING SAME | | 10000 | 0.20 | A |
| Date Total (01/22/2014): | | | | | | | 0.20 | |
| 01/30/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX REVIEW OPC DISCOVERY AND RESEARCH CONCERNING SAME; LETTER TO MR. DANIELSON; LETTER TO MR. LUBERTOZZI AND OTHERS; | | 10000 | 0.60 | A |
| Date Total (01/30/2014): | | | | | | | 0.60 | |
| Report Totals: | | | | | | | 5.80 | |

Docket No. 120161-WS-
 PJI Accounting & Computer System
 Exhibit SW-2, Page 25 of 26

Cost Report

Unbilled

UTILITIES, INC / GENERIC DOCKET ON PROJECT PHOENIX (30057-209)

02/08/2014

| Date | SM/Task | Service Code | Description | Attorney | Orig Qty | Orig Amt | Rev Qty | Rev Amt | Vendor | Voucher | Status |
|-----------------------|---------|--------------|-------------------------------|----------|--------------|---------------|--------------|---------------|--------------------|---------|----------|
| 01/14/2014 | | 00003 | TRAVEL EXPENSE | COST | 0.00 | 252.69 | 0.00 | 252.69 | Martin S. Friedman | 12059 | Unbilled |
| | | | TRAVEL EXPENSE - MSF 1/6-7/14 | | | | | | | | |
| 01/27/2014 | | 00020 | PHOTOCOPIES | COST | 26.00 | 6.50 | 26.00 | 6.50 | | 0 | Unbilled |
| | | | PHOTOCOPIES | | | | | | | | |
| Report Totals: | | | | | 26.00 | 259.19 | 26.00 | 259.19 | | | |

| UI's Phoenix Project: PSC Timeline of Dockets | | | | | | |
|---|--------------------|-----------|---------------------------------|------------------|----------------------|---|
| Date | Order | Docket | Utility | Dep. Life (Yrs.) | Adj. for Divestiture | Comments |
| 12/16/2008 | PSC-08-0812-PAA-WS | 070695-WS | Miles Grant Water and Sewer Co. | 6 | No | Commission approved recovery of pro forma computer accounting & billing system costs based on ERCs. |
| 12/22/2008 | PSC-08-0827-PAA-WS | 070694-WS | Wedgfield Utilities, Inc. | 6 | No | |
| 2/16/2009 | PSC-09-0101-PAA-WS | 070693-WS | Lake Utilities Services, Inc. | 6 | No | |
| 4/27/2009 | PSC-09-0264-PAA-SU | 080247-SU | Utilities, Inc. of Eagle Ridge | 8 | No | Depreciable life changed to 8 yrs. |
| 5/27/2009 | PSC-09-0372-PAA-SU | 080248-SU | Tierra Verde Utilities, Inc. | 8 | No | |
| 5/27/2009 | PSC-09-0373-PAA-SU | 080250-SU | Mid-County Services, Inc. | 8 | No | |
| 6/22/2009 | PSC-09-0462-PAA-WS | 080249-WS | Labrador Utilities, Inc. | 8 | No | |
| 9/28/2009 | PSC-09-0651-PAA-SU | 090121-SU | Alafaya Utilities, Inc. | 8 | No | Limited proceeding to recover the costs that include Phoenix Project. |
| 6/18/2010 | PSC-10-0400-PAA-WS | 090392-WS | Utilities, Inc. of Pennbrooke | 10 | Yes | Divested systems removed from ERC total, depreciable life changed to 10 yrs. |
| 6/21/2010 | PSC-10-0407-PAA-SU | 090381-WS | Utilities Inc. of Longwood | 10 | Yes | |
| 7/1/2010 | PSC-10-0423-PAA-WS | 090402-WS | Sanlando Utilities Corporation | 10 | Yes | |
| 9/22/2010 | PSC-10-0585-PAA-WS | 090462-WS | Utilities, Inc. of Florida | 10 | Yes | |
| 11/15/2010 | PSC-10-0682-PAA-WS | 090349-WS | Cypress Lakes Utilities, Inc. | 10 | Yes | Limited proceeding to recover the costs that include Phoenix Project. |
| 1/5/2011 | PSC-11-0015-PAA-WS | 090531-WS | Lake Placid Utilities, Inc. | 10 | Yes | |
| 11/3/2011 | PSC-11-0514-PAA-WS | 100426-WS | Lake Utility Services, Inc. | 10 | Yes | |
| 12/21/2011 | PSC-11-0587-PAA-SU | 110153-SU | Utilities, Inc. of Eagle Ridge | 10 | Yes | Regulatory asset/liability added as result settlement, Order No. PSC-12-0346-FOF-SU. |
| 4/17/2012 | PSC-12-0206-PAA-WS | 110264-WS | Labrador Utilities, Inc. | 10 | Yes | Computer maintenance expense adjustment added. |
| 12/26/2012 | PSC-12-0667-PAA-WS | 120037-WS | Utilities, Inc. of Pennbrooke | 10 | Yes | |
| 2/14/2013 | PSC-13-0085-PAA-WS | 110257-WS | Sanlando Utilities Corporation | 10 | Yes | |
| 1/10/2014 | PSC-14-0025-PAA-WS | 120209-WS | Utilities, Inc. of Florida | 10 | Yes | |
| 4/28/2014* | 4/10/2014 Agenda* | 130212-WS | Cypress Lakes Utilities, Inc. | | | Recommendation to be filed on 3/27/14.* |
| 6/25/2014* | 6/5/2014 Agenda* | 130243-WS | Lake Utility Services, Inc. | | | Recommendation to be filed on 5/22/14.* |
| | | 120161-WS | Utilities, Inc. Generic Docket | | | Hearing scheduled for 5/14/14.* Docket opened as a result of Order No. PSC-12-0346-FOF-SU. |

* Anticipated Dates ss of 3/31/14.

Note: Highlighted utilities have been sold. Utilities, Inc. of Hutchinson Island was also sold.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 9

PARTY: PSC Staff/Bart Fletcher

DESCRIPTION: (SBF-1) Time line for Dockets addressing the Phoenix Project costs.

| UI's Phoenix Project: PSC Timeline of Dockets | | | | | | |
|---|---------------------|-----------|---------------------------------|------------------|----------------------|---|
| Date | Order | Docket | Utility | Dep. Life (Yrs.) | Adj. for Divestiture | Comments |
| 12/16/2008 | PSC-08-0812-PAA-WS | 070695-WS | Miles Grant Water and Sewer Co. | 6 | No | Commission approved recovery of pro forma computer accounting & billing system costs based on ERCs. |
| 12/22/2008 | PSC-08-0827-PAA-WS | 070694-WS | Wedgfield Utilities, Inc. | 6 | No | |
| 2/16/2009 | PSC-09-0101-PAA-WS | 070693-WS | Lake Utility Services, Inc. ** | 6 | No | |
| 4/27/2009 | PSC-09-0264-PAA-SU | 080247-SU | Utilities, Inc. of Eagle Ridge | 8 | No | Depreciable life changed to 8 yrs. |
| 5/27/2009 | PSC-09-0372-PAA-SU | 080248-SU | Tierra Verde Utilities, Inc. | 8 | No | |
| 5/27/2009 | PSC-09-0373-PAA-SU | 080250-SU | Mid-County Services, Inc. | 8 | No | |
| 6/22/2009 | PSC-09-0462-PAA-WS | 080249-WS | Labrador Utilities, Inc. | 8 | No | |
| 9/28/2009 | PSC-09-0651-PAA-SU | 090121-SU | Alafaya Utilities, Inc. | 8 | No | Limited proceeding to recover the costs that include Phoenix Project. |
| 6/18/2010 | PSC-10-0400-PAA-WS | 090392-WS | Utilities, Inc. of Pennbrooke | 10 | Yes | Divested systems removed from ERC total, depreciable life changed to 10 yrs. |
| 6/21/2010 | PSC-10-0407-PAA-SU | 090381-WS | Utilities Inc. of Longwood | 10 | Yes | |
| 7/1/2010 | PSC-10-0423-PAA-WS | 090402-WS | Sanlando Utilities Corporation | 10 | Yes | |
| 9/22/2010 | PSC-10-0585-PAA-WS | 090462-WS | Utilities, Inc. of Florida | 10 | Yes | |
| 11/15/2010 | PSC-10-0682-PAA-WS | 090349-WS | Cypress Lakes Utilities, Inc. | 10 | Yes | Limited proceeding to recover the costs that include Phoenix Project. |
| 1/5/2011 | PSC-11-0015-PAA-WS | 090531-WS | Lake Placid Utilities, Inc. | 10 | Yes | |
| 11/3/2011 | PSC-11-0514-PAA-WS | 100426-WS | Lake Utility Services, Inc. | 10 | Yes | |
| 12/21/2011 | PSC-11-0587-PAA-SU | 110153-SU | Utilities, Inc. of Eagle Ridge | 10 | Yes | Regulatory asset/liability added as result settlement, Order No. PSC-12-0346-FOF-SU. |
| 4/17/2012 | PSC-12-0206-PAA-WS | 110264-WS | Labrador Utilities, Inc. | 10 | Yes | Computer maintenance expense adjustment added. |
| 12/26/2012 | PSC-12-0667-PAA-WS | 120037-WS | Utilities, Inc. of Pennbrooke | 10 | Yes | |
| 2/14/2013 | PSC-13-0085-PAA-WS | 110257-WS | Sanlando Utilities Corporation | 10 | Yes | |
| 1/10/2014 | PSC-14-0025-PAA-WS | 120209-WS | Utilities, Inc. of Florida | 10 | Yes | |
| 5/29/2014* ** | 5/9/2014 Agenda* ** | 130212-WS | Cypress Lakes Utilities, Inc. | | | Recommendation filed on 4/24/14. ** |
| 6/25/2014* | 6/5/2014 Agenda* | 130243-WS | Lake Placid Utilities, Inc. ** | | | Recommendation to be filed on 5/22/14.* |
| | | 120161-WS | Utilities, Inc. Generic Docket | | | Hearing scheduled for 5/14/14.* Docket opened as a result of Order No. PSC-12-0346-FOF-SU. |

* Anticipated Dates as of 5/7/14. **

** Denotes where changes were made.

Note: Highlighted utilities have been sold. Utilities, Inc. of Hutchinson Island was also sold.

Illustration of Remaining Life Depreciation Rate MethodLine No.

1 Remaining Life Rate (RLR) = $\frac{100\% - \text{Accumulated Reserve \%} - \text{Future Net Salvage \%}}{\text{Average Remaining Life}}$

2

3

4 **Calculation of 2010 Remaining Life Depreciation Rate**

5

Assume Average Service Life is 10 years.

6

Assume Company's 2010 Accumulated Reserve Balance of \$6,800,000.

7

Formula Accumulated Reserve % = $\frac{\text{Company's Accum. Res. Balance}}{\text{Total Amt. Capitalized to Plant}}$

8

9

Average Remaining Life = $\frac{\text{Net Plant/Depreciation Expense}}{\text{Assume zero percent for Future Net Salvage percent.}}$

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| Year Placed | Amount Capitalized to Plant | 10-Yr Amort. | Company's Accum. Res. Bal. | Difference |
|-------------|-----------------------------|--------------------|----------------------------|----------------------|
| 2008 | \$21,500,000 | \$1,075,000 | | |
| 2009 | 500,000 | 2,175,000 | | |
| 2010 | 300,000 | 2,215,000 | | |
| | \$22,300,000 | \$5,465,000 | \$6,800,000 | (\$1,335,000) |

Average Remaining Life = 7

RLR = $[100\% - (\$6,800,000 / \$22,300,000) - 0] / 7$ **RLR equals 9.93%****Test Calculation of RLR of 9.93 Percent**

| Year | Depr. Exp. | Accum. Res Balance | Average Remaining Life |
|------|-------------|---------------------|------------------------|
| 2010 | \$2,215,000 | \$6,800,000 | 0 |
| 2011 | \$2,214,286 | \$9,014,286 | 1 |
| 2012 | \$2,214,286 | \$11,228,571 | 2 |
| 2013 | \$2,214,286 | \$13,442,857 | 3 |
| 2014 | \$2,214,286 | \$15,657,143 | 4 |
| 2015 | \$2,214,286 | \$17,871,429 | 5 |
| 2016 | \$2,214,286 | \$20,085,714 | 6 |
| 2017 | \$2,214,286 | \$22,300,000 | 7 |

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 10

PARTY: PSC Staff/Bart Fletcher

DESCRIPTION: (SBF-2) Illustration of remaining life depreciation rate model.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 11

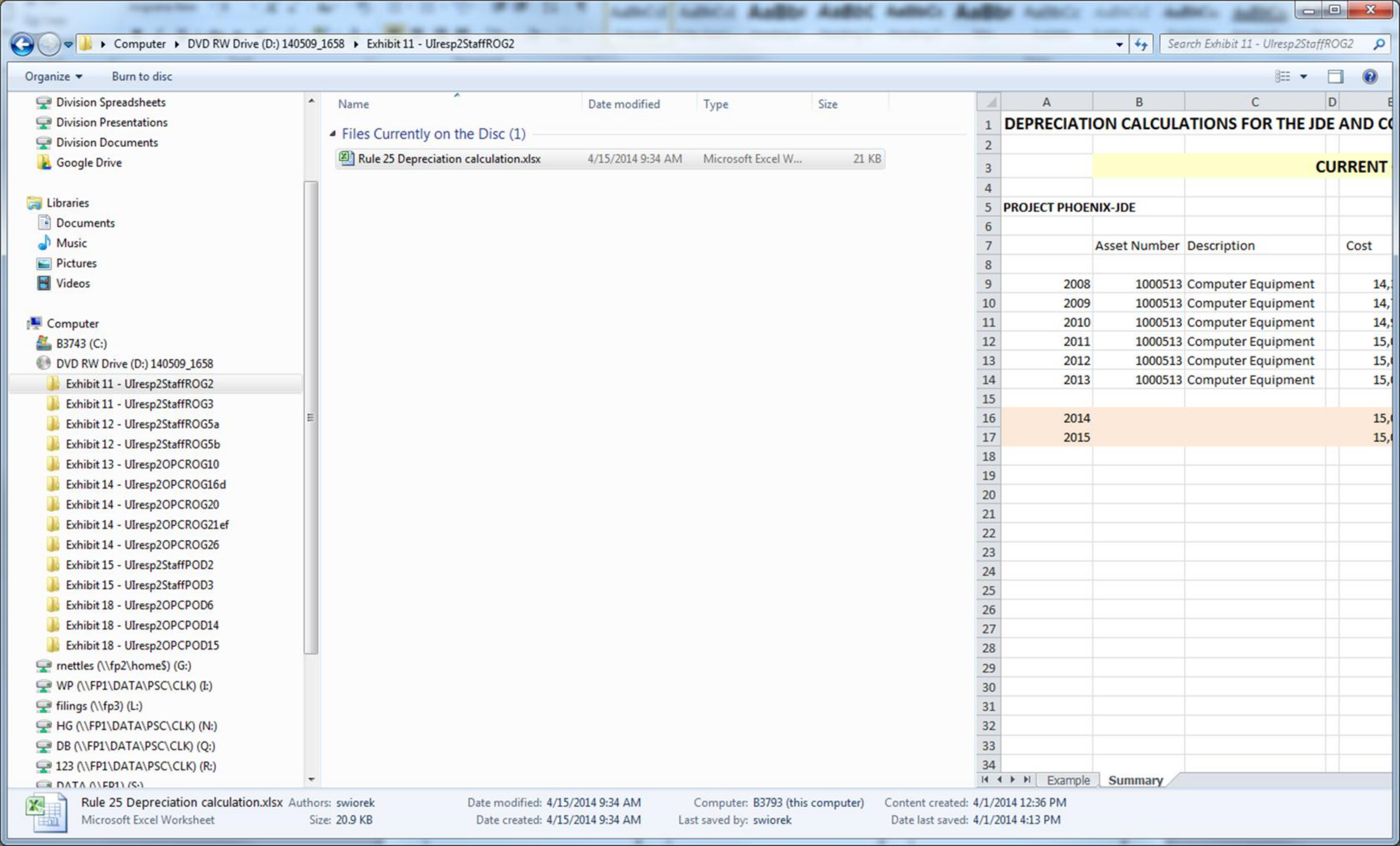
PARTY: PSC Staff

DESCRIPTION: UI's response to Staff's IRROGS 1-3

11

**UI's Responses to
Staff's First Set of Interrogatories
(Nos. 1-3)**

**See Staff's Hearing Exhibit CD
for files re: Interrogatories 2 and 3**



Computer > DVD RW Drive (D:) 140509_1658 > Exhibit 11 - Ulresp2StaffROG2

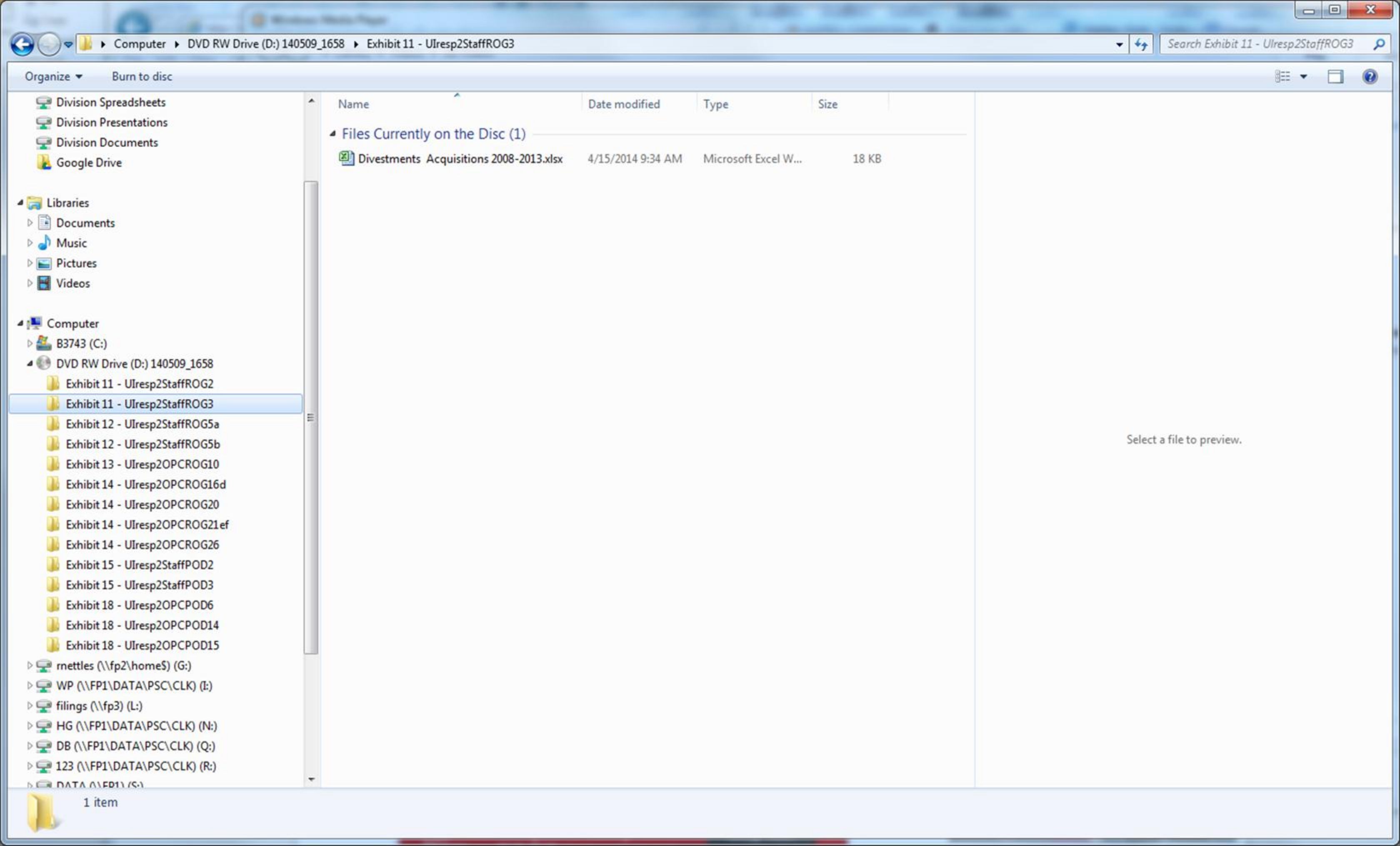
Search Exhibit 11 - Ulresp2StaffROG2

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 - Exhibit 11 - Ulresp2StaffROG2
 - Exhibit 11 - Ulresp2StaffROG3
 - Exhibit 12 - Ulresp2StaffROG5a
 - Exhibit 12 - Ulresp2StaffROG5b
 - Exhibit 13 - Ulresp2OPCROG10
 - Exhibit 14 - Ulresp2OPCROG16d
 - Exhibit 14 - Ulresp2OPCROG20
 - Exhibit 14 - Ulresp2OPCROG21ef
 - Exhibit 14 - Ulresp2OPCROG26
 - Exhibit 15 - Ulresp2StaffPOD2
 - Exhibit 15 - Ulresp2StaffPOD3
 - Exhibit 18 - Ulresp2OPCPOD6
 - Exhibit 18 - Ulresp2OPCPOD14
 - Exhibit 18 - Ulresp2OPCPOD15
 - mettles (\\fp2\home\$) (G:)
 - WP (\\FP1\DATA\PSC\CLK) (I:)
 - filings (\\fp3) (L:)
 - HG (\\FP1\DATA\PSC\CLK) (N:)
 - DB (\\FP1\DATA\PSC\CLK) (Q:)
 - 123 (\\FP1\DATA\PSC\CLK) (R:)
 - DATA (\\FP1) (S:)

| Name | Date modified | Type | Size |
|---------------------------------------|-------------------|----------------------|-------|
| Files Currently on the Disc (1) | | | |
| Rule 25 Depreciation calculation.xlsx | 4/15/2014 9:34 AM | Microsoft Excel W... | 21 KB |

| | A | B | C | D | E |
|----|---|--------------|--------------------|---|----------------|
| 1 | DEPRECIATION CALCULATIONS FOR THE JDE AND CO | | | | |
| 2 | | | | | |
| 3 | | | | | CURRENT |
| 4 | | | | | |
| 5 | PROJECT PHOENIX-JDE | | | | |
| 6 | | | | | |
| 7 | | Asset Number | Description | | Cost |
| 8 | | | | | |
| 9 | 2008 | 1000513 | Computer Equipment | | 14,5 |
| 10 | 2009 | 1000513 | Computer Equipment | | 14,5 |
| 11 | 2010 | 1000513 | Computer Equipment | | 14,5 |
| 12 | 2011 | 1000513 | Computer Equipment | | 15,0 |
| 13 | 2012 | 1000513 | Computer Equipment | | 15,0 |
| 14 | 2013 | 1000513 | Computer Equipment | | 15,0 |
| 15 | | | | | |
| 16 | 2014 | | | | 15,0 |
| 17 | 2015 | | | | 15,0 |
| 18 | | | | | |
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Computer > DVD RW Drive (D:) 140509_1658 > Exhibit 11 - UIresp2StaffROG3

Search Exhibit 11 - UIresp2StaffROG3

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 - Exhibit 11 - UIresp2StaffROG2
 - Exhibit 11 - UIresp2StaffROG3**
 - Exhibit 12 - UIresp2StaffROG5a
 - Exhibit 12 - UIresp2StaffROG5b
 - Exhibit 13 - UIresp2OPCROG10
 - Exhibit 14 - UIresp2OPCROG16d
 - Exhibit 14 - UIresp2OPCROG20
 - Exhibit 14 - UIresp2OPCROG21ef
 - Exhibit 14 - UIresp2OPCROG26
 - Exhibit 15 - UIresp2StaffPOD2
 - Exhibit 15 - UIresp2StaffPOD3
 - Exhibit 18 - UIresp2OPCPOD6
 - Exhibit 18 - UIresp2OPCPOD14
 - Exhibit 18 - UIresp2OPCPOD15
 - rnettles (\\fp2\home\$) (G:)
 - WP (\\FP1\DATA\PSC\CLK) (I:)
 - filings (\\fp3) (L:)
 - HG (\\FP1\DATA\PSC\CLK) (N:)
 - DB (\\FP1\DATA\PSC\CLK) (Q:)
 - 123 (\\FP1\DATA\PSC\CLK) (R:)
 - DATA (\\FP1) (S:)

| Name | Date modified | Type | Size |
|---|-------------------|----------------------|-------|
| Files Currently on the Disc (1) | | | |
| Divestments Acquisitions 2008-2013.xlsx | 4/15/2014 9:34 AM | Microsoft Excel W... | 18 KB |

Select a file to preview.

1 item

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S
financial accounting and customer service
computer system

Docket No.: 120161-WS

RESPONSES TO STAFF'S FIRST INTERROGATORIES

UTILITIES, INC., hereby responds to Staff's First Set of Interrogatories:

1. Please describe the steps necessary to add a utility system to Project Phoenix. Also, please provide the incremental cost of adding a system to Project Phoenix.

Response: Setting up a new system/company in JDE consists of the following steps:

1. Create new company # and set it up in JDE
2. Add new subdivision or county if necessary
3. Add new company and business units to address book
4. Add object accounts to new company and business units
5. Set up financial and procurement AAIs (Automatic Accounting Instructions).
6. Define ledger consolidation rules
7. Set up depreciation default coding

Setting up a new system/company in CC&B consists of the following steps:

1. Set up new company number, sub number and sub name based on information established in JDE.
2. Add the business unit number(s)
3. Create new rate schedules based on tariff information
4. Establish bill and read schedules
5. Add miscellaneous fees in accordance with tariffs (new account charge, reconnect charge, etc.)
6. Add premise information (address, city, state, zip)
7. Add meter information (make, size, meter read)
8. Add customer information (customer name, mailing address)
9. Start accounts

There is typically no incremental costs associated with adding a new system/company.

2. Recognizing that the appropriate depreciable life of Project Phoenix as set by this Commission began with 6 years, then was set at 8 years, and in the most recent decisions has been set at 10 years, please calculate and provide the remaining life depreciation balance for Project Phoenix for each Florida subsidiary, in accordance with Rule 25-30.140(1)(u), Florida Administrative Code (F.A.C.).

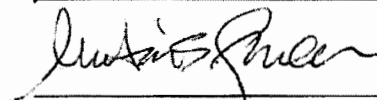
Response: Please see the attached file "Rule 25 Depreciation Recalculation.xlsx".

3. Please provide a list of all acquisitions and divestitures by UI for each year from 2008 through 2013. For each acquisition/divestiture provided in the response, state: the name and location (state) of the utility; the portion of the system or subdivision that was acquired/divested; the number of ERCs acquired/divested; and the date of the acquisition/divestiture.

Response: Please see file "Divestments & Acquisitions 2008-2013.xlsx".

Respectfully submitted this 14th day of April, 2014,
by:

FRIEDMAN, FRIEDMAN & LONG, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746
Phone: (407) 830-6331
Fax: (407) 878-2178
mfriedman@ffllegal.com
drudolf@friedmanfriedmanandlong.com
jhamel@friedmanfriedmanandlong.com



MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
For the Firm

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 12

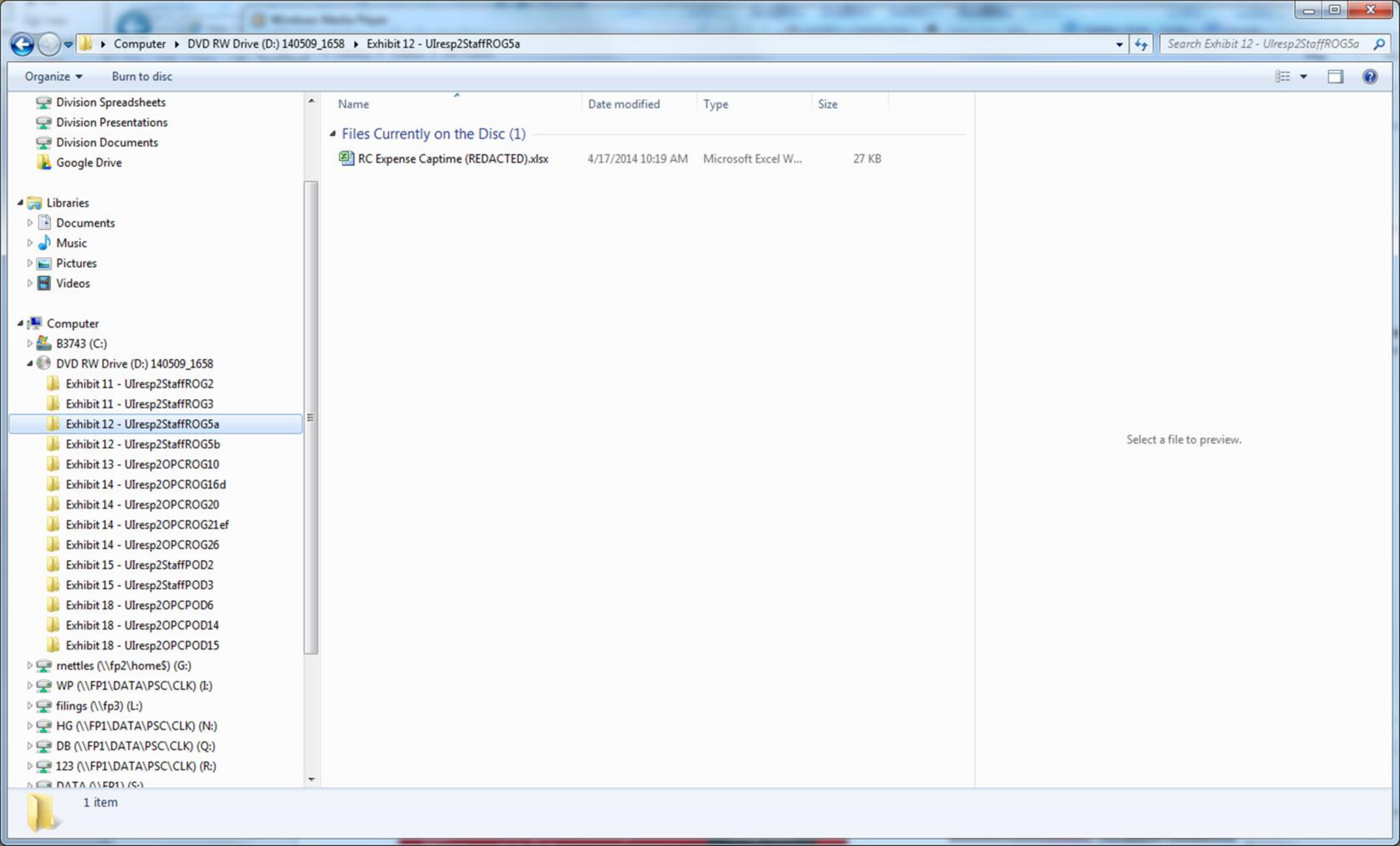
PARTY: PSC Staff

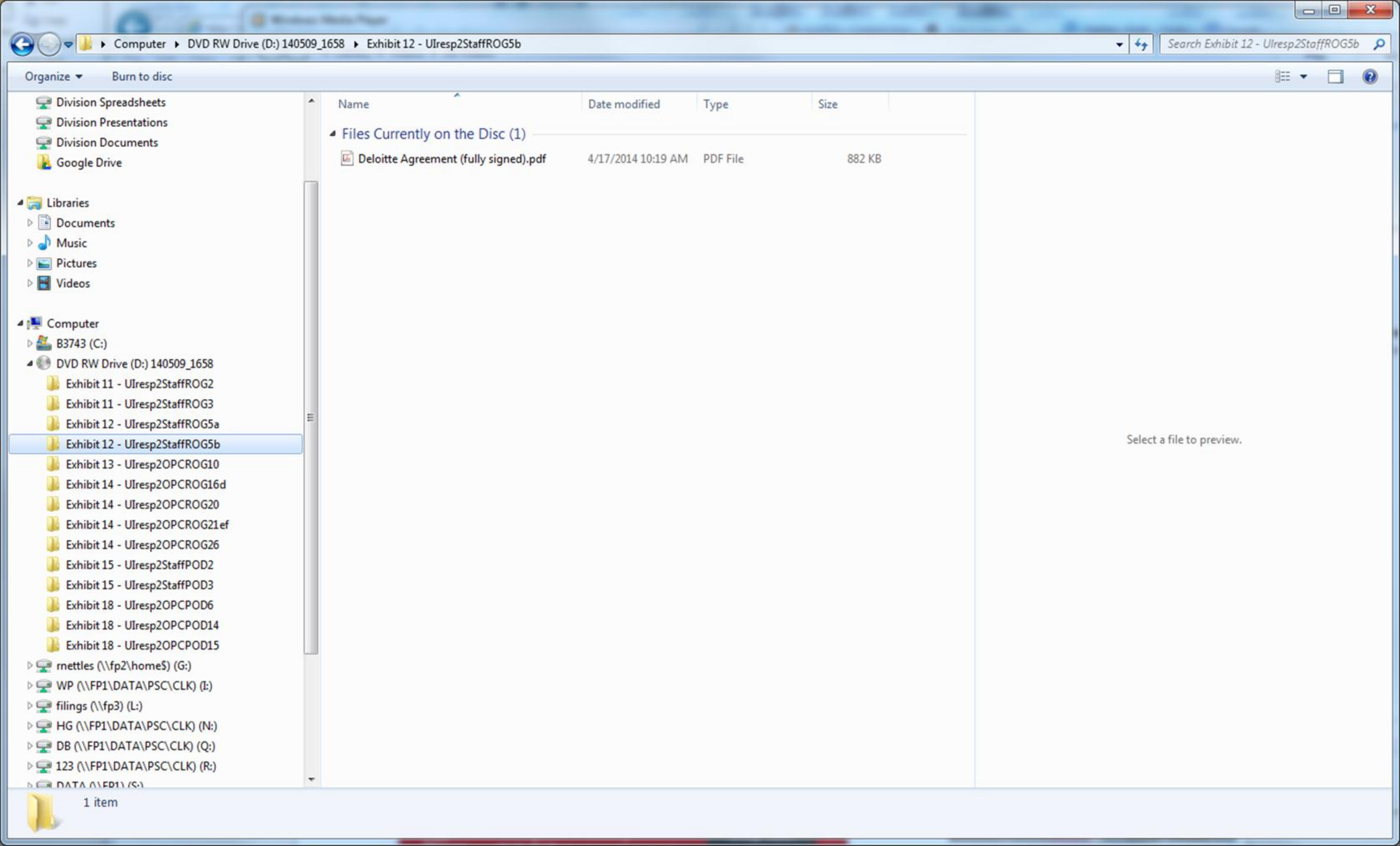
DESCRIPTION: UI's response to Staff's 2nd IRROGS, Nos. 4-9

12

**UI's Responses to
Staff's Second Set of Interrogatories
(Nos. 4-9)**

**See Staff's Hearing Exhibit CD
for files re: Interrogatories 5a and 5b**





Computer > DVD RW Drive (D:) 140509_1658 > Exhibit 12 - Ulresp2StaffROG5b

Search Exhibit 12 - Ulresp2StaffROG5b

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 - Exhibit 11 - Ulresp2StaffROG2
 - Exhibit 11 - Ulresp2StaffROG3
 - Exhibit 12 - Ulresp2StaffROG5a
 - Exhibit 12 - Ulresp2StaffROG5b**
 - Exhibit 13 - Ulresp2OPCROG10
 - Exhibit 14 - Ulresp2OPCROG16d
 - Exhibit 14 - Ulresp2OPCROG20
 - Exhibit 14 - Ulresp2OPCROG21ef
 - Exhibit 14 - Ulresp2OPCROG26
 - Exhibit 15 - Ulresp2StaffPOD2
 - Exhibit 15 - Ulresp2StaffPOD3
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Deloitte Consulting LLP
100 Kimball Drive
Parasippany, NJ 07054
USA

Tel: 973-602-6000
www.deloitte.com

March 26, 2012

PRIVILEGED & CONFIDENTIAL
WORK PRODUCT PREPARED
FOR COUNSEL

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
766 N. Sun Drive
Suite 4030
Lake Mary, FL 32746

Re: Docket No. 110153-SU; Application for increase in wastewater rates in Lee County by Utilities, Inc. of Eagle Ridge

Dear Mr. Friedman:

UNDERSTANDING OF ROLE

This letter sets forth the agreement between Sundstrom, Friedman & Fumero, LLP ("Counsel") and Deloitte Consulting LLP ("Deloitte Consulting"), effective as of March 26, 2012, whereby Deloitte Consulting personnel will provide to Counsel the services described herein (this "Engagement"). We understand that such services are being requested by Counsel in connection with Counsel's representation of Utilities, Inc. and its subsidiaries (the "Company") in the above-entitled matter and related matters. We agree that Larry Danielson (the "Expert Witness") will be prepared to testify as to his work and opinions in the above-entitled matter.

We understand that the work product and files of the Expert Witness may be subject to discovery; however until such material are subpoenaed, they will be maintained by us as confidential in accordance with the terms hereof.

Counsel agrees that it will advise Deloitte Consulting in a timely manner of any applicable legal requirements concerning the services to be provided by Deloitte Consulting, including, without limitation, the identification of any reports to be provided by Deloitte Consulting, the formats of, and filing deadlines for, such reports, and the legal requirements, if any, concerning the retention of our notes, draft reports, or other work product. Deloitte Consulting does not, in advance of obtaining sufficient relevant information and completing its analyses, provide any assurance that it will be able to support any position.

Deloitte Consulting is prepared to assist Counsel in its evaluation of the "Phoenix Project" in connection with this matter. The specific procedures to be performed by Deloitte Consulting will be mutually established based on discussions with you as the Engagement progresses and additional information is obtained during the course of the Engagement. Deloitte Consulting is also prepared to provide mutually agreeable assistance in any other areas that may be identified during the course of this Engagement.

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
March 26, 2012

Counsel and the Company each agree that, without Deloitte Consulting's prior written permission, any reports, schedules, documents, or other materials provided by Deloitte Consulting ("Deloitte Consulting Work product") are not to be used, in whole or in part, by Counsel or the Company for any purpose other than in connection with the resolution or disposition of the disputed matters or controversies that are the subject of this Engagement (the "Dispute"), and are not to be disclosed, quoted or referenced, in whole or in part, to any other person or entity ("third party") other than those third parties that are adverse to the Company in the Dispute, their legal counsel, other consultants to legal counsel in this matter and any court or other tribunal in which the Dispute is then pending. This Engagement shall not create privity between Deloitte Consulting and any third party. Neither the Deloitte Consulting Work product nor the services provided hereunder are intended for the express or implied benefit of any third party.

CONFLICTS

We performed an internal search for any potential client conflicts (the "Conflicts Search") based upon the names of the parties that you have provided (the "Involved Parties"). Nothing has come to our attention that, in our judgment, would impair our ability to objectively serve you in this Engagement. Except for the Conflicts Search, we have not undertaken any process to identify any other relationships with the Involved Parties. Counsel agrees that it will inform us promptly of additional parties to this matter or of name changes for those parties whose names were provided by Counsel.

As you know, Deloitte Consulting and its affiliates have many clients and we are engaged by new clients every day. Therefore, we cannot assure that, following the completion of our Conflicts Search, an engagement relating to one or more of the Involved Parties will not be accepted. You can assist us in monitoring any potential future conflicts by promptly disclosing our retention to the other side, but of course only if consistent with your case strategy. Should any potential conflict come to the attention of our Engagement Principal, we will endeavor to resolve such potential conflict and will determine what action needs to be taken.

Any counsel representing parties involved in this matter may have in the past engaged, represented or opposed, and may currently or in the future engage, represent or oppose, Deloitte Consulting and/or its affiliates and their respective personnel in connection with matters unrelated to this Engagement. Also, any insurance carrier providing coverage to parties involved in this matter may have provided, may currently be providing, or may in the future provide coverage to a party, or may itself be a party, involved in a matter unrelated to this Engagement where Deloitte Consulting and/or its affiliates have provided, are currently providing, or may in the future provide consultation or other services, or where Deloitte Consulting or its affiliates may be a party.

ENGAGEMENT STAFFING AND FEES

I will participate as Engagement Principal, maintaining overall responsibility for the engagement on behalf of Deloitte Consulting. Technical support may also be provided by other professionals who will be identified during the course of the Engagement.

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
March 26, 2012

We bill on a time and expense basis, with our fees determined by the tasks required and the related time spent. Our per-hour billing rates are as follows:

| | |
|----------------|-------|
| Principal | \$684 |
| Senior Manager | \$584 |
| Manager | \$536 |

Hourly charges for other appropriate professional employees of Deloitte Consulting will range from \$316 to \$448 per hour. Our hourly rates are adjusted from time to time; we will advise you promptly if a rate adjustment is being made by Deloitte Consulting. Engagement related expenses, will be billed in addition to the fees. Expenses will be stated separately on the invoices.

Our normal practice is to obtain a retainer, and we are herewith requesting such a retainer of \$50,000. We may require additional amounts to be paid to us as a retainer from time to time. The retainer will be held against the final invoice for this Engagement; any unused retainer will, of course, be refunded.

The scope of our services, as well as the complexity and duration of this Engagement, can vary greatly due to circumstances which may not be anticipated. Our fees and expenses are not contingent upon the final resolution of the matters that are the subject of this Engagement. It is our normal practice that we are paid in full for all work performed to date prior to our issuance of any report and/or providing testimony.

In addition, we will be compensated for any time and expenses (including, without limitation, reasonable legal fees and expenses) that we may incur in considering or responding to discovery requests or other requests for documents or information, or in participating as a witness or otherwise in any legal, regulatory, or other proceedings (including, without limitation, those unrelated to the matters that are the subject of this Engagement) as a result of Deloitte Consulting's performance of these services.

The attached General Business Terms are incorporated by reference into this engagement letter. For the purposes of the attached General Business Terms, "Client" shall mean, individually and collectively, the Company and Counsel. Utilities, Inc. represents and warrants that it has the power and authority to execute this letter on behalf of, and to bind, itself and its subsidiaries to the terms of this Engagement.

Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
March 26, 2012

If you and your client agree to the terms of this letter and the attached General Business Terms, please sign and have your client sign the enclosed copy of this letter in the space provided and return it to me. If you have any questions, please call me at (908) 625-7826. We appreciate the opportunity to work with you and look forward to your prompt response.


Very truly yours,

DELOITTE CONSULTING LLP


By: 
Larry Danielson, Principal

Encl.

Accepted by: Sundstrom, Friedman &
Fumero, LLP

By: 
Title: PARTNER
Date: 3.28.12

Accepted by: Utilities, Inc. on behalf of
itself and its subsidiaries

By: 
Title: CFO
Date: 3/30/12

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S
financial accounting and customer service
computer system

Docket No.: 120161-WS

RESPONSES TO STAFF'S SECOND INTERROGATORIES

UTILITIES, INC., hereby responds to Staff's Second Set of Interrogatories:

4. For each UI Florida water and wastewater systems subsidiary, please list the date Project Phoenix became operational.

Response: The financial portion Project Phoenix (JDE) became operational December 3, 2007 for all UI Florida system subsidiaries and the customer billing portion of Project Phoenix (CC&B) became operational on June 6, 2008 for all UI Florida system subsidiaries.

5. For the following questions, please refer to Exhibit SW-2, attached to the testimony provided by Sharon Wiorek.

a. Refer to page 1 of 26, line 7, Water Service Corporation (WSC) In-house staff. For each individual person, provide the billing rate, and an itemized description of work performed for each individual person. provide detail of hours worked associated with each activity; and, provide an estimate of costs to complete the case by hour for each employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred.

Response: Please see the redacted file "RC Expense Captime.xlsx". The unredacted file will be subject to a Motion for Protective Order filed simultaneous herewith.

- b. Refer to page 4 of 26. Provide the applicable billing rate and title (i.e., Principal, Senior Manager, Manager) for each of the individuals listed in the Deloitte Services Breakdown table.

Response: See the attached document that provides the rates: "Deloitte Agreement (fully signed).pdf".

- c. Refer to page 4 of 26. The Deloitte Services Breakdown table shows 88 hours are charged for Sury Bhattacharya, for the following services: information gathering & research, analysis, documentation development, and documentation review & update. Provide a detailed description for the 32 hours of work related to documentation development and the 24 hours related to documentation review & update.

Response: The 32 hours dedicated for document development include the tracking down of information and assist in preparation of Prefiled Testimony, which includes research and analysis. The additional 24 hours involve following up with related parties, tracking down additional supporting documentation and updating the initial documents to support and document necessary changes and updates.

- d. Explain the difference between total actual hours reflected for Deloitte Consulting, LLP on page 2 of 26 (111.6 hours), and the actual hours reflected on page 4 of 26 (106 hours).

Response: Professional services estimates typically vary based upon change of scope and activities requested. The variance of 5.6 hours seems to be immaterial to the services provided.

6. Please refer to witness Danielson's direct testimony, page 8, lines 14-24, where he states:

Based on the reasons stated in this testimony, 85% percent of the total cost are fixed (75%), professional services fees) plus (training, travel and other expenses (10%). Only the hardware portion (network and hardware infrastructure) of the remaining 15% hardware, software and vendor licenses is variable. That leaves about \$380,862 as a total variable cost that can affected by customer volume. If there was a direct relationship with a 10% reduction of customers, that would leave a maximum of approximately \$38,086.00 to be considered. Of this amount, some of which can be attributable to conservative growth and accommodations for peak transaction processing, therefore the number of Utilities Inc. users would not change. This is why I conclude that the impact on the costs of Project Phoenix is very minimal if Utilities Inc. if the customer base decreased by 10%.

Please explain why witness Danielson's proposal has not been a part of UI's positions or responses in prior docketed matters related to the Phoenix Project before this Commission.

Response: The legal and factual basis for the Commission's position on this issue is contrary to sound regulatory practices and Section 367.0813, *Florida Statutes*. This has been informally discussed with Staff on a number of occasions. It was not raised formally because it should not have been necessary, and because of the substantial expense of retaining Deloitte to provide the substantiation. It is hypocritical that this question is raised, and the implication of it, while at the same time Staff has presented Prefiled testimony that discusses a methodology for the depreciation of Project Phoenix which was never raised by the Staff in any of the previous dockets.

7. Please refer to Exhibit LAD-4 attached to witness Danielson's testimony. According to UI documents provided in the Utilities, Inc. of Longwood rate case (Docket No. 090381, Document number 12029-09), there were 283,513 ERCs at the end of December 2008, while the column labeled "Dec-08" in Exhibit LAD-4 reflects ERCs totaling 296,653. Please explain the increase between the ERC count provided previously and the number provided in witness Danielson's exhibit.

Response: In the documents provided in the Utilities, Inc. of Longwood rate case in response to Staff's Second Data Request, the total ERCs of 283,513 related to the transportation adjustment included in the MFRs and excluded ERCs for the systems divested in 2009 prior to filing of the MFRs.

8. Please explain how UI's growth strategy (as stated below), in endeavoring to achieve a diverse mix of utility systems, is in its customers best interest and promotes economies of scale.

Utilities, Inc. pursues a disciplined growth strategy of acquiring attractively valued utility systems in geographically diverse locations with long-term potential. Our strategy of assimilating new and small utilities has been greatly supported by various Public Service Commissions who see Utilities, Inc. as the solution to non-compliant and inefficient stand-alone utilities.

(http://www.uiwater.com/business_center/growth_strategy.php)

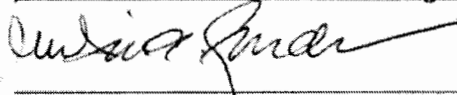
Response: Utilities, Inc. has the flexibility to effectively implement and manage large, medium and small water and wastewater systems due to the company's tremendous operational flexibility and financial stability. This results in economies of scale that enable us to provide cost-effective, compliant, and environmentally safe solutions for our customers.

9. Please provide the name, address, and relationship to Utilities, Inc., of the person responsible for responding to OPC's First Set of Interrogatories, Nos. 3a, and 10, submitted February 27, 2014.

Response: The person who responded to request Nos. 3a and 10 was Sharon Wiorek, who is an employee of Utilities, Inc. at 2335 Sanders Road, Northbrook, Illinois 60062.

Respectfully submitted this 17th day of April, 2014,
by:

FRIEDMAN, FRIEDMAN & LONG, P.A.
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jhamel@friedmanfriedmanandlong.com



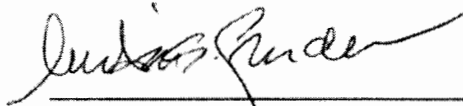
MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
For the Firm

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via e-mail this 17th day of April, 2014, to:

Erik Sayler, Esquire
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400
SAYLER.ERIK@leg.state.fl.us

Julia Gilcher, Esquire
Martha Barrera, Esquire
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
MBARRERA@PSC.STATE.FL.US
JGILCHER@PSC.STATE.FL.US



Martin S. Friedman

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120161-WS EXHIBIT No. 13
PARTY: PSC Staff
DESCRIPTION: UI's Response to OPC's 1st
set of IRRGS Nos. 2K, 3a, 4a, 6, 9, 10 and 13.

13

**UI's Responses to
OPC's First Set of Interrogatories
(Nos. 2k, 3a, 4a, 6, 9, 10, and 13)**

**See Staff's Hearing Exhibit CD
for files re: Interrogatory 10**



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| 1st IRR #10 - ERCs.xlsx | 3/31/2014 9:43 PM | Microsoft Excel W... | 806 KB |

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S
financial accounting and customer service
computer system

Docket No.: 120161-WS

RESPONSES TO OPC'S FIRST INTERROGATORIES

UTILITIES, INC., hereby responds to OPC's First Set of Interrogatories to the extent they were not subject to the previously filed Objection.

3. Please provide the following regarding the JDE financial accounting portion of the Project Phoenix:

a. The date when the project was initially estimated to be completed, and the actual date it was completed and placed into service.

Response: The JDE portion of Project Phoenix was placed in service on December 3, 2007 and was originally estimated to be completed in October 2007.

4. Please provide the following regarding the customer care and billing ("CCB") portion of the Project Phoenix:

a. The date when the project was initially estimated to be completed, and the actual date it was completed and placed into service.

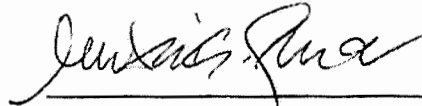
Response: The CC&B portion of Project Phoenix was placed in service June 2, 2008 and was originally estimated to be completed in December 2007.

10. For each year from 2007 through 2013, please provide the total company, total Florida, and each Florida system specific ERCs used to allocate Project Phoenix on the Company's general ledger.

Response: Please see file "1st IRR #10 – ERCs.xlsx" being provided electronically herewith.

Respectfully submitted this 27th day of February, 2014, by:

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MARTIN S. FRIEDMAN
Florida Bar No.: 474797
For the Firm

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S
financial accounting and customer service
computer system

Docket No.: 120161-WS

RESPONSES TO OPC'S FIRST INTERROGATORIES

UTILITIES, INC., hereby responds to OPC's First Set of Interrogatories to the extent that OPC's Motion to Compel was granted.

2. Please provide the following regarding Project Phoenix:

k. What depreciation rate UI believes is the appropriate depreciation rate for Project Phoenix for general ledger and rate setting purposes? If the response indicates that different depreciation rates should be used, please provide a statement stating why.

Response: Project Phoenix assets are depreciated over 96 months or 12.5% per year.

6. For each year from 2007 through 2013, please provide the annual balance of accumulated depreciation, and depreciation expense recorded on the general ledger for the total company related to Project Phoenix. Also provide the depreciation rate used on the general ledger.

Response: Please see the attached schedule. Project Phoenix assets are depreciated over 96 months or 12.5% per year.

9. For each rate case completed after the Commission's approval of the Eagle Ridge Settlement (Order No. PSC-12-0346-FOF-SU, issued July 5, 2012, in Docket No. 110153-SU) that included any costs associated with Project Phoenix, please describe the current balance of the

regulatory asset, by system, as permitted by the Eagle Ridge Settlement. Please provide all calculations documentation showing how each and every amount recorded as a regulatory asset was determined.

Response: The three rate cases that were completed since the Commission's approval of the Eagle Ridge Settlement are Utilities Inc. of Pennbrooke, Sanlando Utilities Corporation and Utilities Inc. of Florida. The regulatory assets identified in each Order have not yet been recorded, but will be tracked via a work paper that can be audited by the Commission's Staff and OPC. In order to create the Project Phoenix regulatory asset on the individual ledgers of UI's Florida companies, a corresponding credit to WSCs ledger will need to be recorded. The credit on WSCs ledger may have an adverse impact on UI companies in other states and may require that UI stop depreciation of the full amount of the asset, which may be inconsistent with GAAP. UI is currently reviewing the matter with accounting professionals to ensure compliance with GAAP as well as NARUC guidelines.

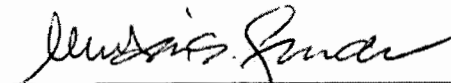
13. Please provide a list of all cost savings related to financial accounting and customer billing that have been implemented since Project Phoenix was placed in service as it relates to annual Computer Expenses, and how much of those cost savings directly resulted from Project Phoenix.

Response: Project Phoenix was placed in service because the previous legacy systems were inefficient and would no longer be supported by the vendors. The Company had not made a significant investment in technology in quite some time. Antiquated systems, lack of integration, and the lack of standardization were beginning to have an adverse effect on the Company and its customers. Accordingly, UI set out to improve the Company's capabilities and processes in the accounting, customer service, customer billing and financial and regulatory reporting areas. As

such, specific cost saving measures as related to annual computer expenses were not benefits identified in the project..

Respectfully submitted this 21st day of March,
2014, by:

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jhamel@friedmanfriedmanandlong.com



MARTIN S. FRIEDMAN
Florida Bar No.: 474797
For the Firm

PROJECT PHOENIX-JDE

| | Asset Number | Description | Cost | Accumulated Depr | Year to Date | Current | Net Book Value | Start Depr |
|------|--------------|--------------------|---------------|------------------|--------------|------------|----------------|------------|
| 2008 | 1000513 | Computer Equipment | 14,328,102.82 | 1,943,126.27 | 1,943,126.27 | 168,127.22 | 12,384,976.55 | 12/3/2007 |
| 2009 | 1000513 | Computer Equipment | 14,758,386.62 | 3,813,978.94 | 1,870,852.67 | 153,733.19 | 10,944,407.68 | 12/3/2007 |
| 2010 | 1000513 | Computer Equipment | 14,990,869.14 | 5,675,286.60 | 1,861,307.66 | 156,154.89 | 9,315,582.54 | 12/3/2007 |
| 2011 | 1000513 | Computer Equipment | 15,023,195.64 | 7,552,055.65 | 1,876,769.05 | 156,486.88 | 7,471,139.99 | 12/3/2007 |
| 2012 | 1000513 | Computer Equipment | 15,065,888.04 | 9,431,767.11 | 1,879,711.46 | 156,936.33 | 5,634,120.93 | 12/3/2007 |
| 2013 | 1000513 | Computer Equipment | 15,066,608.04 | 11,315,070.57 | 1,883,303.46 | 156,943.83 | 3,751,537.47 | 12/3/2007 |

PROJECT PHOENIX-CC&B

| | Asset Number | Description | Cost | Accumulated Depr | Year to Date | Current | Net Book Value | Start Depr |
|------|--------------|--------------------|--------------|------------------|--------------|-----------|----------------|------------|
| 2008 | 2003520 | Computer Equipment | 7,124,531.76 | 520,713.73 | 520,713.73 | 76,690.62 | 6,603,818.03 | 6/6/2008 |
| 2009 | 2003520 | Computer Equipment | 7,253,008.39 | 1,434,300.62 | 913,586.89 | 76,952.89 | 5,818,707.77 | 6/6/2008 |
| 2010 | 2003520 | Computer Equipment | 7,300,847.37 | 2,344,054.12 | 909,753.50 | 76,050.49 | 4,956,793.25 | 6/6/2008 |
| 2011 | 2003520 | Computer Equipment | 7,336,467.37 | 3,259,372.37 | 915,318.25 | 76,421.54 | 4,077,095.00 | 6/6/2008 |
| 2012 | 2003520 | Computer Equipment | 7,342,504.87 | 4,176,863.62 | 917,491.25 | 76,484.43 | 3,165,641.25 | 6/6/2008 |
| 2013 | 2003520 | Computer Equipment | 7,348,204.87 | 5,095,203.29 | 918,339.67 | 76,543.80 | 2,253,001.58 | 6/6/2008 |

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 14

PARTY: PSC Staff

DESCRIPTION: UI's responses to OPC's 2nd set
of IRROGS Nos. 16, 17, 19-24, 26-28, 30 and 31.

14

UI's Responses to OPC's Second Set of Interrogatories (Nos. 16, 17, 19-22, 23, 24, 26-28, 30, and 31)

**See Staff's Hearing Exhibit CD
for files re: Interrogatories 16d, 20,
21e, 21f, and 26**

**See Staff Exhibit No. 17
for documents re:
Interrogatories 19 and 28**



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| Billing Collections Report.xlt | 5/2/2014 10:09 AM | Microsoft Excel Te... | 73 KB |
| UI Detailed Design SC Presentation Nove... | 5/2/2014 10:09 AM | Microsoft PowerP... | 1,288 KB |

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| Phoenix Costs through 10-2007.xlsx | 5/2/2014 10:09 AM | Microsoft Excel W... | 39 KB |

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S
financial accounting and customer service
computer system

Docket No.: 120161-WS

RESPONSES TO OPC'S SECOND INTERROGATORIES

UTILITIES, INC., hereby responds to OPC's Second Set of Interrogatories to the extent they were not subject to the previously filed Objection.

Project Phoenix

16. Refer to Exhibit LAD-2, Page 1 of 1, attached to Witness Danielson's direct testimony. According to the Financial Update attached, the Deloitte Consulting and Oracle CC&B Professional Services - Fees and Professional Services - Expenses increased.

- a. Please explain why the original budget increased from \$12,061,000 to \$14,063,000 as of October 20, 2007, and include specific explanations for each line item for Deloitte Consulting and Oracle CC&B.

Response: The increase is based on the Amendments. Only Deloitte professional service fees are included in the Amendments. The budget for Oracle increased because the budget was an estimate of fees and more information on costs became available as the project proceeded.

- b. Please explain why it had new addendums totaling \$2,475,000, and include specific explanations for each line item for Deloitte Consulting and Oracle CC&B.

Response: As the project was being developed and the evaluated, changes need to be made to the original plan. The Amendments will detail the Deloitte services and estimated increases.

- c. Please explain why this exhibit reflects the Project Phoenix Cost breakdown as of October 20, 2007, not the completed cost of the project when placed into service in 2008.

Response: Deloitte services provided do not go beyond Amendment 14, dated October 20, 2007 and therefore limits the scope of their responsibility to the timeframe they had direct knowledge.

- d. Please identify as of December 31, 2008, the actual amounts expended for each of the professional services fees and professional services expenses that correspond to the information provided on Exhibit LAD-2, and well as any variances from the original amounts budgeted for Deloitte Consulting and Oracle CC&B.

Response: Please see the file titled "Billing Collections Report.xlt" being provided herewith for a detailed listing of invoices.

- e. Please explain to what "CC&B in "Oracle CC&B" refers and indicate to what Footnotes 4, 5, and 6 reference, as these footnote numbers do not appear on Exhibit LAD-2.

Response: The software backbone of CC&B and JDE was purchased from Oracle. The Oracle CC&B only refers to the software implementation for UI's customer billing platform. The footnotes 4, 5 and 6 do not appear on the table as they refer to the entire table.

17. Refer to Exhibit LAD-2, Page 1 of 1. Please provide a description of the charges included in each of the hardware and software fee components shown in the chart at the bottom of LAD-2. As part of this response, please reconcile the chart showing "Software and Hardware Fees" at the bottom of LAD-2 to the "Financial Update" shown at the top of the page, and explain how these two charts relate to the "Financial Update."

Response: Project Phoenix was about designing and implementing a fully functional standalone data center environment capable of hosting the software applications necessary for the continued operations of the company. Prior to Project Phoenix the software applications the company used to run the business did not scale to more than a few concurrent users. These custom applications used for decades were no longer supported. This made further development impossible. Project Phoenix required multiple servers, data storage devices, database engines and software applications for the company to be flexible, adaptable and responsive to the changing needs of customers and commissions to remain competitive via a new distributed data network and multi-user applications. In order to accommodate multiple concurrent users, computers and accessories were required as well as the installation of the infrastructure needed. The primary software for the financial systems and customer billing were purchased from Oracle and SPL (later acquired by Oracle) and customized accordingly. Software typically consists of the purchase of the existing backbone product, license fees and any additional software added to enhance functionality and efficiency.

The amounts reflected in the "Software and Hardware" chart at the bottom of Exhibit LAD-2 were a snapshot of the costs incurred and was the best information available at that time. It appears that due to timing differences and coding changes, the amounts do not match exactly with the information UI has from 2007. The amounts for IP Soft, Global Crossing and AT&T appear to have been recorded as expenses and not added to the Phoenix project.

The Financial Update chart at the top of Exhibit LAD-2 shows professional fees and expenses for Deloitte and Oracle and was prepared in November 2007. This chart reflects amounts incurred through October 2007 using the best information available at that time. The software and hardware fees included in the invoices from those two vendors would be the only items in both charts. The amounts reflected in the Financial Update chart were rounded for presentation purposes.

19. Refer to Exhibit LAD-2, Page 1 of 1. Financial Update. Please describe the specific duties performed by Deloitte Consulting after the "initial engagement phase" and discuss the value added to Project Phoenix by Deloitte Consulting whose professional fees and expenses were responsible for 83% of the total cost of the Project Phoenix ($\$10,701,000 + \$980,000 / \$14,063,000 = 83\%$) as shown on Exhibit LAD-2.

Response: Please see the attached Amendments for a description of the duties performed by Deloitte Consulting. Please note that the chart at the top of Exhibit LAD-2 represents only Deloitte and Oracle costs and does not represent the entire cost of Project Phoenix. The professional fees from Deloitte at the end of October 2007 represented 63% of the total cost of the project. Typically the payment for consulting fees is more heavily front loaded at the beginning of engagements as this is the time frame when the program is being developed.

20. Project Phoenix Costs. Exhibit LAD-2 indicates an estimated total cost for Project Phoenix of \$14,063,000. Please indicate the annual additions made to this balance using the same categories as shown in LAD-2. Please indicate what functions or objectives were included in these additions.

Response: Please see the attached documents: "200609 - UI Vendor Eval Final.pdf", "UI Detailed Design SC Presentation November v9.ppt" and "Billing Collections Report.xlt". As indicated in the request above, the chart shown in LAD-2 does not represent the entire cost of Project Phoenix rather it only represents costs incurred from Deloitte and Oracle

21. Witness Danielson's Direct Testimony. On page 4, lines 21-24, Mr. Danielson states that the major cost components for Project Phoenix were approximately 75% for professional services, 15% for hardware, software, network and vendor licenses, and 10% for training, travel and other expenses.

a. Please provide the dollar amounts used to calculate the above percentages.

Response: The approximate percentages identified in the testimony came from years of experience analyzing prior similar engagements and were not determined using absolute numbers pertaining to UI.

b. Please state whether any of Mr. Danielson's percentages include the impact of Company capitalized labor assigned to Project Phoenix or any other company costs capitalized.

Response: The approximate percentages identified would have included an estimate for UI's in-house capitalized labor, as it was intended to cover the entire cost of Project Phoenix.

c. If total costs of the capitalized project were not included in Mr. Danielson's percentages, please state why the total capitalized cost of the project was not used in Mr. Danielson's analysis.

Response: The approximate percentages used in the testimony were intended to cover the entire cost of Project Phoenix.

d. Please provide a breakdown of the costs incurred by Utilities Inc. for consulting services to Deloitte Consulting, the cost for purchasing the JD Edwards financial system and the Oracle Customer Care and Billing system, and a breakdown of the amounts incurred for each training and travel.

Response: Please refer to the charts below showing the breakdown of costs UI incurred through October 2007 and the attached invoices.

| Project Phoenix # 2004521 Total Capitalized Costs as of 10/30/2007 | |
|---|------------|
| Row Labels | Sum of NET |
| Employee Expenses & Training | 272,044.06 |
| Hardware & Materials | 615,180.74 |
| IDC | 283,610.81 |

| | |
|-----------------------|----------------------|
| In-House Labor | 614,885.34 |
| Professional Services | 8,292,981.29 |
| Software | 774,362.15 |
| Grand Total | 10,853,064.39 |

Breakdown of Deloitte & Oracle Invoices
As of 10/30/2007

| Row Labels | Total |
|---------------------------------|--------------|
| Deloitte: Professional Services | 6,822,502.00 |
| Oracle: Hardware & Materials | 27,793.78 |
| Oracle: Professional Services | 1,229,338.34 |
| Oracle: Software | 332,862.15 |
| SPL/Oracle: Software | 441,500.00 |

- e. Further, please provide a detailed breakdown of each of the categories of costs included in "other".

Response: The other category represents costs for IDC, in-house labor, employee travel and training. Please refer to the file "Phoenix costs through 10-2007.xls".

- f. Please provide how much of the cost of Project Phoenix was capitalized time and other capitalized costs booked by Utilities Inc. staff.

Response: Please see the file "Phoenix costs through 10-2007.xls".

22. Witness Danielson's Direct Testimony. On page 7, line 10-14, Mr. Danielson states that "In fact, a key decision for Utilities Inc. to select the technology that they did was to increase business capabilities (i.e. adding new customers, adding new system users, improving customer service, remediating finance control issues, etc.) without adding additional Utility Inc. employees and selecting different technologies." Please explain whether this means that Utilities, Inc. designed Project Phoenix to accommodate increased number of customers and system users than those that existed in 2008, and if so, how many more customers and system users, and if this is not what the testimony means, please clarify what Mr. Danielson meant by his testimony on these lines.

Response: As stated in the testimony, it is common practice to design systems to accommodate an increase in records, customers, users and other functionality. The estimated increase is typically 20% to 25% higher than the current activity level in order to accommodate any increase in customers, and any spikes in activity, without disrupting the

current customers. No specific numbers were used for the increase, only an estimated percentage, which was matched with the software vendor's product offering. Oracle's design and capacity was based on projected users and activity, not customers.

23. Witness Danielson's Direct Testimony. On page 7, line 15-22, Mr. Danielson states that "An increase of 10% in customers does effect the implementation of network and hardware infrastructure. However, in order to ensure that the systems performs adequately and provides a reasonable level of performance (e.g. a two second response time) the implementation must consider peak transaction times. A common practice is to consider a factor of about 20-25% that typically provides limited impact to the average system user. Therefore, even if a 10% increase in customers translated into the same numbers of system users, when you consider the peak design principle, there would be no change in the implementation [sic] of the system."

a. Please explain whether the Project Phoenix software was designed to serve 20-25% more customers for a peak demand than those served as of June 2008, and if designed to serve more customers, how much more?

Response: As stated in the testimony, it is common practice to design systems to accommodate an increase in records, customers, users and other functionality. The estimated increase is typically 20% to 25% higher than the current activity level in order to accommodate any increase in customers without disrupting the current customers. No specific numbers were used for the increase, only an estimated percentage, which was matched with the software vendor's product offering. Oracle's design and capacity was based on projected users, not customers.

b. Please explain whether the Project Phoenix hardware and network infrastructure was designed to serve 20-25% more customers for a peak demand than those served as of June 2008 and if designed to serve more customers, how much more?

Response: Project Phoenix hardware and network infrastructure was designed based on the UI employee usage, not customers. It was designed to accommodate the additional bandwidth which peak usage requires. During peak times, the network could reach 90% capacity, and at that level, users would most likely experience disruptions and disconnections.

c. Please explain what is meant by "a factor of about 20-25% that typically provides limited impact to the average system user." As part of this response, please include to what factors the 20-25% relate (e.g., factors such as the number of customers, billing

units, phone calls, system users, etc.) and the total number of factors referenced and the breakdown to derive the 20-25%.

Response: In the context of hardware capacity planning and systems performance, support of some kind of peak condition rather than an average condition, mainly because of the need to support service level targets (i.e., response times) during peak conditions as well as during average conditions. The definition of a peak is different on every project, but the magnitude of a peak period (typically measured in terms of users, customers, transactions per hour (or per minute, or per second) is almost always at least 25% higher than that of an average time period). The definition depends on the nature of the business, the volatility of the workload, and the Service Level.

- d. Please explain what the peak design principle means as referenced above.

Response: The definition of a peak is different on every project, but the magnitude of a peak period (typically measured in terms of users, customers, transactions per hour (or per minute, or per second) is almost always at least 25% higher than that of an average time period). The definition depends on the nature of the business, the volatility of the workload, and the Service Level.

24. Witness Danielson's Direct Testimony. On page 8, line 10-12, Mr. Danielson states that "Of the 15% of costs for hardware, software and vendor licenses (Exhibit 4) only \$380,862.00 is for hardware for the network and computing which is the only cost component that would be impacted if the customer size changed 10%."

- a. Please explain the basis to support Mr. Danielson's statement that the hardware cost is the only variable cost component for Project Phoenix, and explain how the hardware cost varies yet the software and vendor licenses stay fixed.

Response: As the only providers of hardware, CDW costs would be the only impacted line item. CDW would be the only impacted cost area to support increased customer traffic / support due to the need to purchase additional hardware for customer support. Additional hardware costs includes Utilities, Inc. customer support, remote access users, as well as users sponsored by Utilities, Inc. that are required to use the system during peak times.

The remaining costs are for software and license fees are one-time fees and fixed costs that includes analysis and professional services that would not be impacted by an increase or decrease in users

- b. Please describe "Exhibit 4" referenced in Mr. Danielson's testimony and how it relates to Exhibit LAD-4, attached to Mr. Danielson's testimony. If "Exhibit 4" is different from LAD-4, please identify the document.

Response: "Exhibit 4" is not different from Exhibit LAD-4. Data is also in "UI Detailed Design SC Presentation November v9.ppt", slide 25 (document is requested in item 14)

26. Please refer to page 6, line 9 of Mr. Danielson's direct testimony. Please describe the specific steps in the "rigorous vendor selection process" referenced in his testimony.

Response: Please see attached file "200609 - UI Vendor Eval Final.pdf"

27. Please refer to page 6, line 16 of Mr. Danielson's direct testimony where he testifies that "cost" was considered as a factor in evaluating the design of Project Phoenix
- a. Page 6, line 16 of Mr. Danielson's direct testimony. Please describe the cost factors considered, identify what capitalized costs were considered, and what level of recurring Operation and Maintenance expenses were considered.

Response: Cost was one of many factors considered when the new providers were selected. As stated in previous responses, UI's former legacy system was no longer going to be supported, creating the need to implement a new financial and customer billing platform. The costs incurred would be capitalized according to GAAP guidelines and any recurring costs would be expensed.

- b. Please explain all steps UI took to investigate and minimize, where possible, the economic impact of such an investment to its ratepayers.

Response: Deloitte was hired as a consultant, partially to gather, analyze and present competitive priced solutions from various vendors. Efforts were made to balance the costs against the other criteria needed to keep accurate financial records, maintain and secure customer records, produce timely and accurate customer bills as well as provide various other benefits to UI's customers. The new financial and customer billing software allows UI's customers in all systems, large and small, to benefit.

- c. Please explain what consideration UI gave to the economic impact of the operational impact of the Phoenix Project (including the impact on UI net income as well as the customer bill impact).

Response: UI was always concerned with balancing the impact on customer bills with the need for an adequate return on the investment and improvement of the business. In the case of Project Phoenix, UI was concerned about the impact that the investment would have on subsequent rate increases. Because of the large number of customers in the UI systems, the impact was much smaller than if the stand-alone companies implemented their own financial and billing platforms. However, since the investment was spread across more than 75 companies, rate cases needed to be filed in all of them to gain recovery of the investment. The regulatory lag in the timing of recovery of UI's investment hurt the shareholder return but did not impact the cost or benefit to customers.

28. Please refer to page 3, lines 17-23 of Mr. Danielson's direct testimony. Mr. Danielson mentions that "subsequent phases [of engagement] were added as additional assistance was requested" after the 12-14 week initial engagement phase. Please identify each additional phase added, the added cost of each additional phase, the length of time associated with the additional phase, and the proposed purpose of each phase.

Response: Please refer to the attached Amendments.

30. Please explain whether Utilities, Inc. is the exclusive user of Project Phoenix, and if not, please identify what other entities utilize Project Phoenix, and in what capacity.

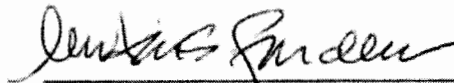
Response: Project Phoenix was the internal name given to the Utilities, Inc. initiative to replace the outdated and inefficient financial and customer billing legacy systems. The software chosen for the financial system was Oracle JD Edwards EnterpriseOne (JDE) and the software chosen for the customer billing system was Oracle Utilities Customer Care and Billing System (CC&B). The software was customized specifically for Utilities, Inc. and in its present form, used exclusively by Utilities, Inc.

31. Please explain whether Utilities, Inc. has attempted to sell or license Project Phoenix, or otherwise profit from Project Phoenix, and if so, to whom and what is the status of any discussions?

Response: Utilities, Inc. has not attempted to sell or license Project Phoenix. The name Project Phoenix was an internal name given to the initiative to replace outdated and inefficient financial and customer billing software systems.

Respectfully submitted this 31st day of March,
2014, by:

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MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 15

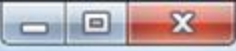
PARTY: PSC Staff

DESCRIPTION: UI's responses to Staff's POD's, Nos. 1-3.

15

**UI's Responses to
Staff's First Request for
Production of Documents
(Nos. 1-3)**

**See Staff's Hearing Exhibit CD for
files re: Production Requests 2 and 3**



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Search Exhibit 15 - Ulresp2StaffPOD2

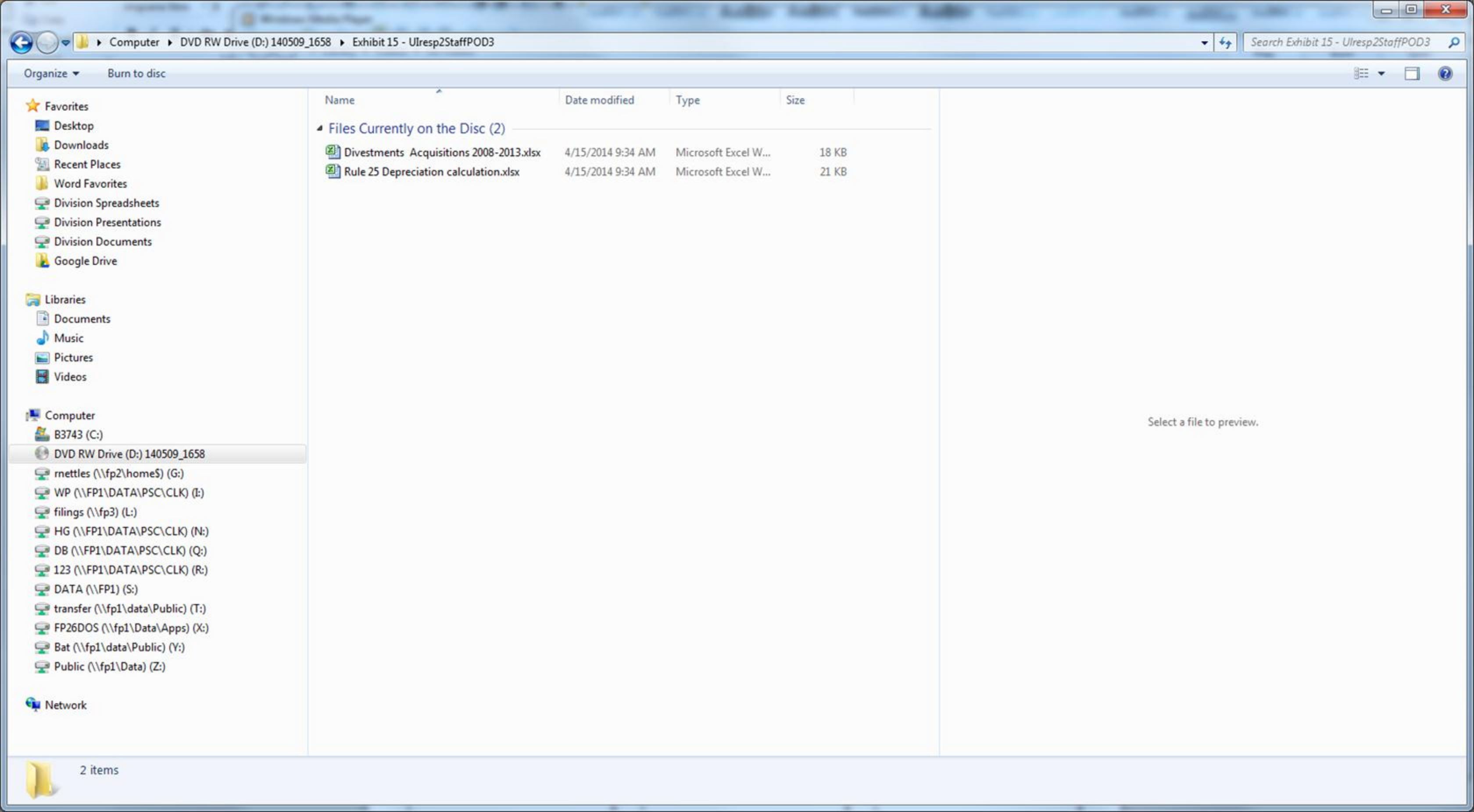
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| Rule 25 Depreciation calculation.xlsx | 4/15/2014 9:34 AM | Microsoft Excel W... | 21 KB |

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| Rule 25 Depreciation calculation.xlsx | 4/15/2014 9:34 AM | Microsoft Excel W... | 21 KB |

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S financial
accounting and customer service computer
system

Docket No.: 120161-WS

UTILITIES, INC.'S RESPONSE
TO STAFF'S FIRST REQUEST TO PRODUCE

UTILITIES, INC., by and through its undersigned attorneys and pursuant to the applicable Florida Rules of Civil Procedure and Florida Administrative Code, hereby responds to Staff's First Request to Produce. (Nos. 1-3):

1. Please provide a copy of all documents and electronic worksheets that support the calculations used to determine the incremental costs of adding a utility system to Project Phoenix as referenced in Interrogatory No. 1.

Response: There are no incremental costs.

2. Please provide a copy of all documents and electronic worksheets that support the calculations used to determine the Project Phoenix remaining life depreciation balance for each Florida subsidiary as referenced in Interrogatory No. 2.

Response: Please see the attached file "Rule 25 Depreciation Recalculation.xlsx".

3. Regarding Interrogatories Nos. 1-3, please provide any documents identified or referenced in the response to those interrogatories, or any documents otherwise responsive to those interrogatories.

Response: Please see the attached file "Rule 25 Depreciation Recalculation.xlsx", and "Divestments Acquisitions 2008-2013.xls".

Respectfully submitted this 14th day of April,
2014, by:

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MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
For the Firm

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via e-mail this 31st day of March, 2014, to:

Erik Saylor, Esquire
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111 West Madison Street
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SAYLER.ERIK@leg.state.fl.us

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MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
For the Firm

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 16

PARTY: PSC Staff

DESCRIPTION: UI's responses to Staff's 2nd POD's, Nos. 4-6.

16

**UI's Responses to
Staff's Second Request for
Production of Documents
(Nos. 4-6)**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S financial
accounting and customer service computer
system.

Docket No.: 120161-WS

UTILITIES, INC.'S RESPONSE
TO STAFF'S SECOND REQUEST TO PRODUCE

UTILITIES, INC., by and through its undersigned attorneys and pursuant to the applicable Florida Rules of Civil Procedure and Florida Administrative Code, hereby responds to Staff's Second Request to Produce. (Nos. 4-7):

4. Please provide a copy of Witness Danielson's resume or curriculum vitae.

Response: Please see attached file titled "Danielson BIO.docx".

5. Please provide a copy of all documents and electronic workpapers that support the Utility's responses to Interrogatory 5 (a)-(d).

Response: Please see documents identified in Interrogatory 5 (a-d).

6. Please provide a copy of the Affidavit for each person identified in response to Staff's Interrogatory No. 9.

Response: Please see Affidavit-SW.

CERTIFICATE OF SERVICE

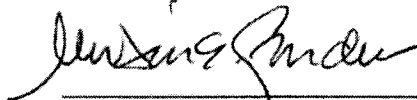
I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via e-mail this 17th day of April, 2014, to:

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Respectfully submitted this 14th day of April,
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Principal
Deloitte Consulting, LLP

Mr. Danielson has over 25 years of experience leading large-scale transformation at the largest companies in the world. He has been with Deloitte for nearly 23 years and has consulted to the leadership of a broad range of multinational clients. His expertise focuses on end-to-end insurance processes for property and casualty, commercial, life and reinsurance carriers on issues ranging from business process design, organizational design, information technology strategic planning, mergers and acquisitions, strategic cost reduction, large-scale program management, productivity improvement, and outsourcing advisory. He is best known for his results oriented approach to problem solving where he can always refer to the positive impact our work has on business results and has the deep client relationships to support these results.

Mr. Danielson's leads our efforts at our largest and most visible financial service clients. He is a Lead Partner at several of our largest clients and a Leader in our National Insurance Technology practice. He is also leader in our technology and strategy practice. He publishes and speaks on a regular basis at large industry meetings. His presentations typically address current topics that impact the future of the financial services industry. His work also includes the development of a piece called the "Insurance Company of The Future" that defined the firm's point of view on the future state of insurance companies.

Mr. Danielson's financial service client portfolio includes: Aviva USA, American International Group of Companies, CIGNA, Prudential Financial, New York Life, MetLife, Liberty Mutual Group, MONY Group, QBE, Wausau, ManuLife, Ameritus-Acacia, Blackstone Group, Kohlberg Kravis Roberts, Morgan Stanley, Endurance, Awkwright Mutual and American Re and various State Governments.

AFFIDAVIT

STATE OF ILLINOIS

COUNTY OF COOK

I hereby certify that on this 11th day of APRIL, 2014, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared, Sharon Winkler who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 9 from STAFF'S SECOND SET OF INTERROGATORIES TO UTILITIES, INC. (NOS. 4-9) in Docket No. 120161-WS, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 11th day of April, 2014.

Lawanda Nacole Valrie

Notary Public

State of Illinois, at Large



My Commission Expires:

April 12th 2016

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO.120161-WS EXHIBIT No. 17

PARTY: PSC Staff

DESCRIPTION: UI's responses to OPC's 1st POD's.

17

**UI's Responses to
OPC's First Request for
Production of Documents
(No. 1)**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S financial
accounting and customer service computer
system

Docket No.: 120161-WS

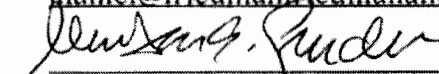
UTILITIES, INC.'S PARTIAL RESPONSE TO CITIZENS' FIRST REQUEST TO PRODUCE

UTILITIES, INC. ("UI"), by and through its undersigned attorneys, files this Response to Citizens' First Request to Produce which was served on January 28, 2014 as to the documents to which it has not previously objected, and states as follows:

1. Please provide a copy of all contracts related to Project Phoenix, including the contract(s) to design and implement Project Phoenix, any subsequent Project Phoenix contracts, and any contracts for on-going maintenance and operations of Project Phoenix.
2. Response: The original Contract documents are being provided in 3 separate emails of 5.0MB or less each.

Respectfully submitted this 10th day of
March, 2014, by:

FRIEDMAN, FRIEDMAN & LONG, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746
Phone: (407) 830-6331
Fax: (407) 878-2178
mfriedman@fflegal.com
drudolf@friedmanfriedmanandlong.com
jhamel@friedmanfriedmanandlong.com



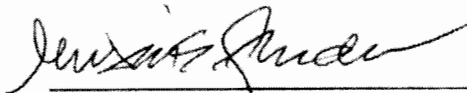
MARTIN S. FRIEDMAN
Florida Bar No.: 474797
For the Firm

CERTIFICATE OF SERVICE
DOCKET NO. 130161-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished
by U.S. Mail and E-Mail to the following parties this 10th day of March, 2014:

Erik Sayler, Esquire
OFFICE OF PUBLIC COUNSEL
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400
SAYLER.ERIK@leg.state.fl.us

Martha Barrera, Esquire
Julia Gilcher, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
MBARRERA@PSC.STATE.FL.US
JGILCHER@PSC.STATE.FL.US



MARTIN S. FRIDMAN
Florida Bar No.: 474797
For the Firm

Deloitte.

Deloitte Consulting LLP
One Prospect Street
Summit, NJ 07901
USA
Tel: 908-673-5600
Fax: 908-673-5201
www.deloitte.com

June 9, 2006

Mr. Lawrence Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Mr. Schumacher:

Deloitte Consulting LLP ("Deloitte Consulting") appreciates the opportunity to assist Utilities, Inc. (the "Company"), a portfolio company of AIG Highstar Capital II, L.P. ("Highstar"), with the current state assessment of financial processes and related systems. Based on our discussions with you and John Stokes we understand that Utilities Inc. would like assistance to enhance the financial, regulatory and operational processes, controls, reporting and systems.

This engagement letter is organized into the following sections:

- I. Our Understanding of Your Objectives and Scope
- II. Project Approach and Deliverables
- III. Project Staffing
- IV. Project Timing, Professional Fees and Assumptions

OUR UNDERSTANDING OF YOUR OBJECTIVES AND SCOPE

Based on our discussion we understand that your objectives are to create financial transparency by enhancing and integrating finance processes, supporting applications, controls across the Company and making them scalable for future growth. In addition, you would like to reevaluate the operational areas and create an implementation plan to enhance the operations and address shortcomings identified in the process.

Member of

and

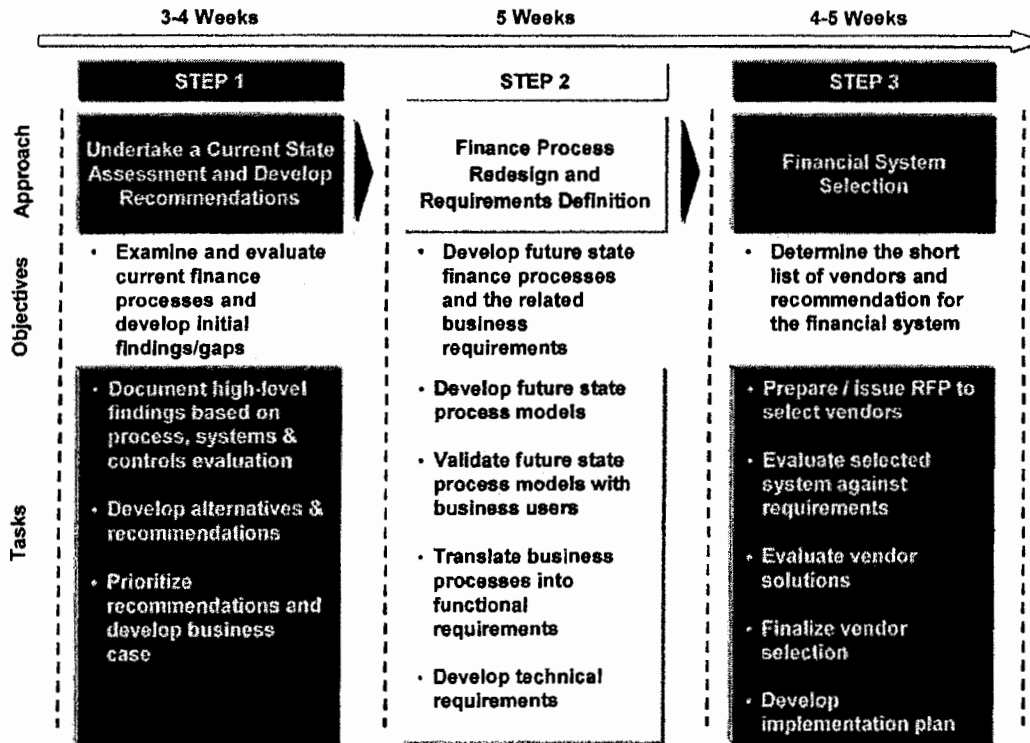
Mr. Lawrence Schumacher
June 9, 2006
Page 2

The scope of assistance to help your management team achieve their aforementioned objectives will involve individual and/or joint meetings with approximately 10 – 15 personnel of the Company from the following areas:

- i. Finance
 - a. General Ledger
 - b. Accounts Payable
 - c. Fixed Assets
 - d. Budgeting and Planning
 - e. Capital Projects
 - f. Accounts Receivable / Billing
- ii. Reporting
 - a. Financial
 - b. Management
 - c. Regulatory
- iii. Operations
 - a. Water
 - b. Waste Water
 - c. Reuse Water
- iv. Regulatory
- v. Tax
- vi. HR and Payroll
- vii. Data Retention

PROJECT APPROACH AND DELIVERABLES

To help you achieve the overall objectives we would recommend a two phase approach. Phase I will focus on conducting a diagnostic of the current state environment across all cycles in scope and definition of the business requirements and a recommendation for a financial system. Phase II will then focus on the execution against the plan. We have structured our services into three concurrent steps for Phase 1 that align with your objectives. Step 1 will focus on conducting an assessment of the current state, document findings and develop recommendations for areas identified in scope. Step 2 will be targeted towards financial process redesign to develop functional and technical requirements for the financial system. Step 3 will focus on validating these requirements against the potential solutions and assisting in selection of a new (or enhancement of existing) financial system. The high level activities are outlined below:



As a result of the scope and approach outlined above, we expect the following deliverables to be developed:

- High level findings and Recommendations for Improvement
- Functional and technical requirements
- Future state business processes
- Request for Proposal (RFP)
- Vendor Demonstration Scripts
- Vendor Short List
- Business case supporting our recommendations

In addition, during the project we will provide you with a weekly update on the project status, milestones and schedule.

Handwritten initials/signature

Mr. Lawrence Schumacher
June 9, 2006
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PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Highstar, Utilities Inc. and Deloitte Consulting resources. We will expect a focused participation from a number of your key management and staff team members from your financial, compliance, tax and technology functions. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level.

The proposed Deloitte Consulting team and associated individual responsibilities includes:

Larry Danielson will serve as the engagement principal, providing overall quality assurance and client management. He has over 23 years of relevant experience and is our Lead Consulting Partner at AIG. He has lead projects like this at a broad range of clients including AIG. Specifically Larry has a strong understanding of the operations, systems and organizational structures of financial functions. He will also coordinate all the necessary Deloitte disciplines required for this engagement.

Rohit Malhotra will serve as the project leader for the Deloitte Consulting resources and be responsible for providing oversight to the Deloitte Consulting project team. He will serve as the day to-day-contact for the AIG Highstar management team. Rohit is a member of our Financial Management practice and has over 8 years of experience serving clients with financial processes reengineering and finance transformation, financial system selection and implementations, and internal controls evaluation and readiness projects.

In addition to our team described above we expect to utilize 2-3 consultants with the financial, regulatory and technology background to assist with the deliverables and documentation from Deloitte Consulting on a full- or part-time basis. In addition, we will also involve specialists from appropriate functions from you, Highstar, and Deloitte Consulting, as required. It is our understanding that you and Highstar will identify resources in full- or part-time capacity to assist with the project. If additional full-time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROJECT TIMING AND PROFESSIONAL FEES

Based upon our knowledge of the organization and the work effort that has already been completed to date, we expect the duration of Steps 1 through 3 of this project to be approximately 12 to 14 weeks. We estimate our professional fees related to this project to be approximately \$590,000 - \$620,000 in support of consulting services based on the project scope and assumptions outlined in this engagement letter. In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your authorization.

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Mr. Lawrence Schumacher
June 9, 2006
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These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of your and Highstar's management and other personnel, as defined in this engagement letter. Based on our experience, issues sometimes arise that require efforts beyond what was initially anticipated. If this should occur, we will discuss it with Highstar team and seek authorization prior to performing any additional work.

Our practice for invoicing is as follows:

- We will bill our actual fees for services rendered, on a bi-weekly basis
- Expenses will be billed as incurred, on a bi-weekly basis.
- A reconciliation of fees will be prepared prior to the last invoice to ensure that all invoicing has been completed. Any adjustments will be made in the final invoice.
- Invoices are due and payable upon receipt.

Reasonable direct business expenses (e.g., travel, telephone, fax, report preparation, etc.) are additional to our fees and will be charged at our cost. These expenses are typically 10% - 15% of our projected professional fees. If you require assistance with additional areas of focus, other activities not contemplated by this letter, or wish to extend the level of our assistance beyond the resources indicated, we would be happy to accommodate your request and will work with you to determine a mutually agreed upon scope and fee estimate. Deloitte Consulting may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are mutually acceptable. In any event, no increase in the quoted fee rate will be made without your prior approval.

ASSUMPTIONS

The approach outlined above and the related timing and fees described below consider the following key assumptions:

1. All deliverables outlined in this engagement letter will be prepared under the direction of your management team as outlined above.
2. Utilities, Inc. and Highstar senior and operating management and staff will be available for meetings and follow-up and committed as necessary to ensure timely completion and resolution of project tasks and issues. Senior management of both Utilities, Inc. and Highstar will also ensure that adequate communication is provided to the organization and those resources necessary are committed to the project timeline.
3. Utilities, Inc. and Highstar will make available all existing policy and procedure documentation as well as any control documentation that have already been developed.
4. We will provide to your management team our observations, conclusions and recommendations, however all decisions in connection with the implementation of such

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Mr. Lawrence Schumacher
June 9, 2006
Page 6

recommendations shall be your responsibility. Ownership of the final product rests with your management.

5. Timely reviews with your team will be conducted to provide "real-time" feedback on the project status and documentation created.
6. The scope of work outlined in this letter does not include the system selection, business process redesign, or implementation of organizational restructure or performance metrics.

* * * * *


This engagement letter is by and between Deloitte Consulting and Utilities, Inc. and is subject to the terms of Appendix A, the Master Services Agreement dated May 21, 2004 by and between and Deloitte Consulting and AIG Technology Management Services, Inc. (the "Agreement"). Utilities, Inc. is an affiliate of AIG Technology Management Services, Inc. and qualifies as an "Affiliate" under the Agreement. All references in the Agreement to "Client" shall be deemed references to Utilities, Inc. for purposes of this engagement letter. This engagement letter shall constitute a Work Order under the Agreement.

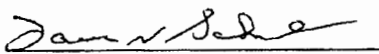
Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed copy of this letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By: 
Name: Lawrence A. Danielson
Title: Principal
Date: June 9, 2006

By: 
Name: Mr. Lawrence Schumacher
Title: President
Date: June 9, 2006

**Deloitte
Consulting**

Deloitte Consulting LLP

MASTER SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of May 21, 2004 by and between Deloitte Consulting LLP, a Delaware limited liability partnership, with an office at 1 Prospect Street, Summit, NJ 07901 ("**Deloitte Consulting**"), and AIG Technology Management Services, Inc. ("**AIGTMS**"), a corporation organized under Delaware law, with an office at 90 Hudson Street, Jersey City, NJ 07302.

WHEREAS, Client and its Affiliates desire to engage Deloitte Consulting to provide consulting services, and Deloitte Consulting is willing to provide such consulting services pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises contained herein, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Definitions.

- 1.1 "**Acceptance Criteria**" shall mean the acceptance criteria regarding the technical and functional specifications and other requirements for the Non-Documentation Deliverables and the System itself, as set forth in a Work Order, Project Plan, and/or accepted Deliverables.
- 1.2 "**Acceptance Test(ing)**" shall mean the testing of the System in order to ascertain if the System implementation meets the Acceptance Criteria. Acceptance Testing shall be carried out on the terms and conditions set forth in Section 14.C below.
- 1.3 "**Affiliate**" shall mean any company controlling, controlled by or under common control with AIGTMS or its parent company American International Group, Inc.
- 1.4 "**Client**" as used herein shall mean AIGTMS or any Affiliate executing a Work Order (or corresponding Change Order).
- 1.5 "**Confidential Information**" shall mean any confidential, proprietary or trade secret information or materials of a party (or its affiliates, licensors, suppliers, vendors, clients, customers or any other third party to whom a party owes a duty of confidentiality), in whatever form, tangible or intangible, disclosed or provided in connection with this Agreement. Confidential Information further includes (a) any and all technical and non-technical information including inventions, improvements, discoveries, developments, trade secrets, techniques, sketches, drawings, models, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, specifications, works of authorship, data, and formulae related to the current, future and proposed products and services of the parties; (b) information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing manufacturing, customer lists, supplier lists, business forecasts, sales and merchandising and marketing plans; (c) all personal property, including books, manuals, records, files, reports, notes, contracts, lists, blueprints and other documents or materials, or copies thereof; (d) solely with respect to Client, the Deliverables (other than any Deloitte Consulting Technology contained therein); and (e) solely with respect to Client Data.
- 1.6 "**Client Data**" shall mean (i) any information from which an individual may be identified; (ii) any information concerning an individual that would be considered "nonpublic personal information"

within the meaning of Title V of the Gramm-Leach-Bliley Act of 1999 (Public Law 106-102, 112 Stat. 1338) and its implementing regulations, as the same may be amended from time to time.; (iii) any information regarding Client's clients or prospective clients received by Deloitte Consulting in connection with the performance of its obligations under the Agreement, including (A) an individual's name, address, e-mail address, IP address, telephone number and/or social security number, (B) the fact that an individual has a relationship with Client and/or its parent, affiliated or subsidiary companies, (C) an individual's account or transaction information that is or can be tied to or associated with individual identifying information, and (D) any information regarding an individual's medical history or treatment; and (iv) any other information of or relating to an individual that is protected from disclosure by applicable Privacy Laws.

- 1.7 **"Deemed Accepted Letter"** shall mean written notice from Deloitte Consulting, pursuant to the Notice provision, sent to Warren Luedecker, Senior Vice President of AIG Technology Management Services, Inc. (or his successor), which indicates that (i) Deloitte Consulting has not received written acceptance or rejection of a Deliverable or the System from Client as required under this Agreement, and (ii) if Client does not provide Deloitte Consulting with such written acceptance or rejection within ten (10) business days of receipt of such letter, such Deliverable or the System shall be deemed accepted.
- 1.8 **"Defect"** means a reproducible and demonstrable defect in the System Implementation Services which renders the System inoperable for its purpose as contemplated by the Work Order and the Project Plan.
- 1.9 **"Deloitte Consulting Subcontract"** shall have the meaning set forth in Section 15(a).
- 1.10 **"Deloitte Consulting Subcontractor"** shall have the meaning set forth in Section 15(a).
- 1.11 **"Deloitte Consulting Technology"** shall have the meaning set forth in Section 5(a).
- 1.12 **"Deliverables"** shall mean collectively the items, which may include software, documents, information and other materials, specified as deliverables or work product in a Work Order or Project Plan (including, the "Documentation Deliverables" and "Non-Documentation Deliverables"), but shall not include any third party software licensed directly to Client.
- 1.13 **"Documentation Deliverables"** shall mean written deliverables to be prepared by Deloitte Consulting in connection with Systems Implementation Services, including for example, blueprints, specification documents, reports and other written materials that are not executable components of the System.
- 1.14 **"Fixed Price Service"** shall mean those Services provided by Deloitte Consulting on a fixed price basis as specified in the Work Order.
- 1.15 **"Non-Documentation Deliverables"** shall mean those Deliverables consisting of executable program code (including without limitation application program interfaces) which are to be provided by Deloitte Consulting pursuant to a Work Order and/or Project Plan for System Implementation Services.
- 1.16 **"Privacy Laws"** shall mean any national, federal, state or local laws, rules or regulations of any jurisdiction relating to the nonpublic personal information, including the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations and CA SB 1386 regarding privacy, as the same may be amended from time to time.

- 1.17 **"Project Manager"** shall mean the key contact person designated by each of Deloitte Consulting and Client (or any Affiliate) with respect to Services provided under a specific Work Order.
- 1.18 **"Project Plan"** shall mean a detailed project plan which shall among other things, include: (i) a schedule of tasks to be completed for the System to be fully implemented; and (ii) a complete list of the staffing required in order to complete the tasks set forth in the project plan within the time frames set forth therein.
- 1.19 **"Services"** shall have the meaning set forth in Section 2 below, and shall include Systems Implementation Services for Work Orders pertaining to such services.
- 1.20 **"System"** shall mean third party or Client proprietary application software.
- 1.21 **"Systems Implementation Services"** shall mean Deloitte Consulting's implementation of a System into Client's system, including, but not limited to, development, coding, integration, testing and installation as set forth in the Work Order and/or Project Plan.
- 1.22 **"T&M Services"** shall mean those Services provided by Deloitte Consulting on a time and materials basis.
- 1.23 **"Third Party Technology"** shall mean any software that is owned or controlled by a third party.
- 1.22 **"Warranty"** shall have the meaning set forth in Section 14.E(a) below.
- 1.23 **"Warranty Period"** shall have the meaning set forth in Section 14.E(a) below.
- 1.24 **"Work Order"** shall have the meaning as set forth in Section 2 below.

2. Services.

- a) From time to time during the term of this Agreement, AIGTMS or its Affiliates may enter into agreements for Deloitte Consulting to provide consulting services pursuant to separate work orders, the form of which shall be substantially as set forth in Exhibit A (each a **"Work Order"**), which will specify the details of the particular consulting services to be provided (the **"Services"**). Work Orders shall be binding upon the parties hereto and shall be deemed to constitute a part of this Agreement when executed by both parties. In the event of any conflict between this Agreement and any Work Order, this Agreement shall control, except to the extent that the parties expressly indicate in such Work Order their intent that a particular provision of such Work Order amend a specified provision of this Agreement.
- b) In the event that an Affiliate enters into a Work Order with Deloitte Consulting, that Affiliate will become the Client for the purposes of that Work Order and the terms and conditions of this Agreement will apply to that Work Order as if such Affiliate were the Client under this Agreement.
- c) Any Work Order providing for T&M Services shall include with reasonable specificity: (i) a description of the services to be performed; (ii) the Deliverables, if any, to be produced by Deloitte Consulting; (iii) appropriate testing and acceptance procedures; (iv) the schedule for completion of each of the foregoing; (v) the daily or hourly rate to be charged; (vi) estimated expenses (travel-related or otherwise) to be incurred by Deloitte Consulting in connection with the project; (viii) the parties' respective Project Managers; and (ix) such additional information as the parties may wish to include.

- d) Any Work Order providing for Fixed Price Services shall include with reasonable specificity: (i) a description of the Services to be performed; (ii) the Deliverables, if any, to be produced by Deloitte Consulting; (iii) appropriate testing and acceptance procedures; (iv) the schedule for completion of each of the foregoing (including milestone dates); (v) estimated expenses (travel-related or otherwise) to be incurred by Deloitte Consulting in connection with the project; (vi) total fees and a schedule of payments; (vii) the parties' respective Project Managers; (viii) any reports to be provided by Deloitte Consulting to Client; and (ix) such additional information as the parties may wish to include.
- e) It is understood and agreed that the Services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. In connection with the Services hereunder, Deloitte Consulting shall be entitled to rely on all decisions and approvals of Client.
- f) It is understood and agreed that the Services may not be performed away from the Client's site by Deloitte Consulting personnel without Client's approval; provided, however, that Client shall work in good faith with Deloitte Consulting to develop a mutually beneficial work schedule, including permitting Deloitte Consulting to work offsite where appropriate.
- g) Deloitte Consulting shall comply with all Client workplace rules, regulations, policies, working hours and holiday schedules applicable to its provision of the Services hereunder and of which it is apprised. Deloitte Consulting shall comply with all Client information security policies, standards and guidelines of which it is apprised while using Client's systems, networks and applications, and when communicating with Client via email and/or over the Internet in the course of performing Services. Throughout the Term, Deloitte Consulting shall comply with the "AIG Vendor Certification Program" (as may be modified from time to time), information about which can be found at <http://www.aigscreen.com> (the "Certification Program"). Deloitte Consulting shall not assign any personnel of Deloitte Consulting or a Deloitte Subcontractor to work at Client's facilities or provide Services hereunder if Client notifies Deloitte Consulting that such person is in contravention of the Certification Program.

3. Payment of Invoices.

- a) Properly submitted invoices upon which payment is not received within thirty (30) days of the invoice date shall accrue a late charge of the lesser of (i) 1% per month or (ii) the highest rate allowable by law, in each case compounded monthly to the extent allowable by law. Without limiting its rights or remedies, Deloitte Consulting shall have the right to halt or terminate entirely the Services until payment is received on past due invoices, provided, however, that Deloitte Consulting has notified Client in writing of its intent to do so, and Client has failed to cure such default within thirty (30) days of such notice.
- b) Client also agrees to pay for reasonable out-of-pocket cost and expenses actually incurred by Deloitte Consulting while performing services hereunder, provided that Deloitte Consulting has: (i) obtained Client's written consent; (ii) detailed same on a form acceptable to Client and in accordance with Client's own travel and expense policies; and (iii) submitted supporting documentation therefor. It is agreed that Client shall not reimburse Deloitte Consulting for normal commuting expenses or for travel and living expenses incurred by Deloitte Consulting in performing services at a Client facility located in the same metropolitan area as that of the relevant Deloitte Consulting employee's home office address. Such expenses shall be invoiced to Client together with the invoices for services as set forth above.

4. Term.

- a) Agreement Term; Termination. This Agreement shall commence on the Effective Date and continue until termination by either party in accordance with this Section 4. Either party may terminate this Agreement, for any reason, if no Work Orders are currently outstanding upon thirty (30) days written notice to the other party. Client may also terminate this Agreement immediately upon notice to Deloitte Consulting for Deloitte Consulting's incurable breach of Section 6 or Section 7.
- b) Work Order Term; Termination. Unless terminated sooner in accordance with its terms, a Work Order shall terminate on the completion of the Services thereunder. A Work Order may be terminated by Client for its convenience, at any time by giving written notice to Deloitte Consulting not less than thirty (30) calendar days before the effective date of termination. A Work Order may be terminated by either party for a material breach of this Agreement upon thirty (30) days prior written notice to the breaching party, if the breach has not been cured by the breaching party within such thirty (30) day notice period. Each party will continue to comply with its performance obligations hereunder until the date on which the termination takes effect.
- c) Consequences of Termination. Upon any termination of this Agreement or a Work Order at Client's request, Deloitte Consulting shall, subject to Client's payment obligations hereunder, deliver to Client a copy of all Deliverables whether complete or incomplete as of such date.
- d) Termination Assistance. In connection with any termination of a Work Order, Deloitte Consulting shall provide to Client, at the hourly rates set forth in the Work Order, reasonable termination assistance requested by Client in writing to facilitate the orderly transfer of the Services being terminated, and any Deliverables being created in connection with such Services, to Client or its designee(s) (such assistance, the "Termination/Expiration Assistance"). As part of the Termination Assistance, Deloitte Consulting will work with the Client, and, if applicable, its respective designee(s), to provide the Termination Assistance and to define the specifications for turnover of the Services.

5. License and Ownership.

- a) Deloitte Consulting Technology. Deloitte Consulting has created, acquired or otherwise has rights in, and may, in connection with the performance of services hereunder, employ, provide, modify, create, acquire or otherwise obtain rights in, various concepts, ideas, methods, methodologies, procedures, processes, know-how, and techniques (including, without limitation, FastTrack™, SolutionSets™, IndustryPrints™ and ValuePrints™; models (including, without limitation, function, process, system and data models); templates; the generalized features of the structure, sequence and organization of software, user interfaces and screen designs; general purpose consulting and software tools, utilities and routines; and logic, coherence and methods of operation of systems) (collectively, the "Deloitte Consulting Technology").
- b) Ownership of Deliverables. Except for any Deloitte Consulting Technology contained therein, the Deliverables shall be considered "work made for hire" (as such term is defined in 17 U.S.C. §101) and, subject to Client's full and final payment for each such Deliverable, such Deliverable shall be the sole and exclusive property of Client. To the extent that any Deliverable may not be considered "work made for hire," subject to Client's full and final payment for such Deliverable, Deloitte Consulting hereby irrevocably assigns and agrees to assign to Client all right, title and interest worldwide in and to such Deliverable (other than any Deloitte Consulting Technology contained therein), including all copyrights, trademarks, trade secrets, patents, industrial rights and all other intellectual property rights therein (the "Proprietary Rights"), effective upon creation thereof. The Proprietary Rights shall include all rights, whether existing now or in the future, whether statutory or common law, in any jurisdiction in the world, in the Deliverable (other than any Deloitte Consulting Technology contained therein), together with all national, foreign and state registrations, applications for registration and all

renewals and extensions thereof (including any continuations, continuations-in-part, divisionals, reissues, substitutions and reexaminations); all goodwill associated therewith; and all benefits, privileges, causes of action and remedies relating to any of the foregoing, whether before or hereafter accrued (including the exclusive rights to apply for and maintain all such registrations, renewals and extensions; to sue for all past, present and future infringements or other violations of any rights relating thereto; and to settle and retain proceeds from any such actions). Deloitte Consulting agrees to cooperate in all reasonable respects with Client or its designee(s), both during and after the Term, at Client's expense, in applying for, obtaining and perfecting Client's Proprietary Rights in the Deliverables as contemplated hereunder, including executing such written instruments as may be prepared by Client to obtain a patent, register a copyright, or otherwise evidence Client's ownership rights in such Deliverables as contemplated hereunder.

- c) Express Interim License to Use Deliverables. During the time period between delivery of a Deliverable and payment by Client therefor in accordance with this Agreement, including during any negotiations between the parties' to resolve a payment dispute with respect to such Deliverable (the "Interim Period"), Deloitte Consulting hereby grants to Client a fully-paid-up, royalty-free, transferable, sublicensable (through multiple levels of sublicensees), exclusive, worldwide right and license, which is irrevocable during the Interim Period, to use, reproduce, distribute, access, copy, maintain, perform (whether publicly or otherwise), display, and make derivative works of and otherwise modify, make, sell, offer to sell, import and otherwise use and exploit (and have others exercise such rights on behalf of Client) all or any portion of such Deliverable, in any form or media (now known or later developed) as if Client had intellectual property ownership rights in the Deliverable. The foregoing license includes, without limitation, the right to make any modifications to the Deliverables regardless of the effect of such modifications on the integrity of the Deliverable, and to not identify Deloitte Consulting, as one or more authors of or contributors to such Deliverables or any portion thereof, whether or not such Deliverables or any portion thereof have been modified. Except with respect to any Deloitte Consulting Technology contained in a Deliverable licensed under this paragraph, Deloitte Consulting (i) shall not, during the Interim Period, exercise its ownership rights in any manner with respect to such Deliverable, (ii) shall not bring any cause of action against Client for infringement of such Deliverable for Client's use of the Deliverable pursuant to the foregoing license, and (iii) shall treat the Deliverable as Client Confidential Information in accordance with Deloitte Consulting's confidentiality obligations hereunder.
- d) License to Deloitte Consulting Technology. To the extent that any Deloitte Consulting Technology is contained in any Deliverable, Deloitte Consulting hereby grants Client, upon full and final payment to Deloitte Consulting for such Deliverable hereunder, a perpetual, royalty-free, fully paid-up, worldwide, non-exclusive right and license to access, copy, maintain, perform, display, use, and make derivative works of such Deloitte Consulting Technology in connection with such Deliverable.
- e) Ownership of Deloitte Consulting Property. To the extent that Deloitte Consulting utilizes any of its property (including, without limitation, the Deloitte Consulting Technology or any hardware or software of Deloitte Consulting) in connection with the performance of services hereunder, such property shall remain the property of Deloitte Consulting and, except for the license expressly granted in the preceding paragraph, Client shall acquire no right or interest in such property. Notwithstanding anything in this Agreement to the contrary, the parties acknowledge and agree that (i) Deloitte Consulting will own all right, title, and interest, including, without limitation, all rights under all copyright, patent and other intellectual property laws, in and to the Deloitte Consulting Technology and (ii) except with respect to any Client Confidential Information or Client Data contained therein (if any), Deloitte Consulting may employ, modify, disclose, and otherwise exploit the Deloitte Consulting Technology (including, without limitation, providing services or creating programming or materials for other clients). Deloitte Consulting does not agree to any terms that may be construed as precluding or

limiting in any way its right to (y) provide consulting or other services of any kind or nature whatsoever to any person or entity as Deloitte Consulting in its sole discretion deems appropriate or (z) develop for itself, or for others, materials that are competitive with those produced as a result of the services provided hereunder, irrespective of their similarity to the Deliverables.

- f) Third Party Technology. Deloitte Consulting will not include any Third Party Technology in any Deliverable unless Client has agreed thereto in writing and such Third Party Technology is listed in the Work Order. To the extent permitted by the owner of the Third Party Technology, Deloitte Consulting will procure for the Client the license to use such Third Party Technology, or if the owner will not permit Deloitte Consulting to procure the license on Client's behalf, Deloitte Consulting will assist Client in all reasonable respects with its efforts to obtain such license from the owner.

6. Confidentiality.

- a) Restrictions on Use and Disclosure. Each party agrees that it shall (a) hold the other party's Confidential Information in confidence, (b) use the other party's Confidential Information only for the benefit of such other party (and not for the benefit of itself or any third party), (c) use and reproduce the other party's Confidential Information only to the extent reasonably required to fulfill its obligations hereunder; and (d) not disclose, deliver, provide, disseminate or otherwise make available to any third party (other than Deloitte Consulting Subcontractors or Deloitte affiliates), directly or indirectly, any of the other party's Confidential Information except as expressly provided herein. Either party may disclose the other party's Confidential Information only to such party's employees and agents who (i) have a need to know such Confidential Information, and (ii) are each obligated by a written agreement or otherwise to comply with confidentiality provisions no less restrictive than those set forth in this Agreement. Each party shall take at least the same degree of care that it uses to protect its own confidential and proprietary information of similar nature and importance (but in no event less than reasonable care) to protect the confidentiality and avoid the unauthorized use, disclosure, publication or dissemination of the other party's Confidential Information. Without limiting the foregoing, each party shall promptly advise the other party in the event that it learns that any of its personnel who have had access to the Confidential Information has violated the terms of this Agreement, and shall cooperate in all reasonable respects with the other party's attempts to seek injunctive relief against any such person. Upon any termination of this Agreement (or at any time upon Client's request), each party shall promptly return to the other party or destroy or erase any and all Confidential Information of such other party (and in the case of Deloitte Consulting, Deloitte Consulting will require that each Deloitte Consulting Subcontractor to do the same with respect to any Client Confidential Information in its care, custody or control); provided, however, that except with respect to Client Data, each party may retain copies of Confidential Information of the other party as part of its workpapers in accordance with reasonable business practice, subject at all times to the confidentiality obligations contained herein.
- b) Exclusions. Except with respect to Client Data, the obligations in this Section 6 shall not apply to any Confidential Information to the extent the recipient can prove such Confidential Information (a) is or has become generally known or publicly available other than by any act or omission of recipient in breach of this Agreement; (b) was rightfully known by recipient prior to the time of first disclosure by the disclosing party to recipient; (c) is independently developed by recipient without the use of the other party's Confidential Information; or (d) is rightfully obtained without restriction from a third party who has the right to make such disclosure and without breach of any duty of confidentiality to the disclosing party. In addition, the recipient may use or disclose Confidential Information to the extent (i) approved in advance in writing by the disclosing party, or (ii) the recipient is legally compelled to disclose such Confidential Information, provided that the recipient shall use reasonable efforts to give advance notice of such compelled disclosure to the disclosing party, and shall

reasonably cooperate with the disclosing party in connection with any of the disclosing party's efforts to prevent or limit the scope of such disclosure and/or use of the Confidential Information.

- c) Deloitte Consulting Employees and Deloitte Consulting Subcontractors. Deloitte Consulting shall be responsible for compliance by each of its employees and the Deloitte Consulting Subcontractors performing Services hereunder with the provisions of this Section 6 and Section 7 below. Without limiting the foregoing, Deloitte Consulting shall include in its subcontract with each Deloitte Consulting Subcontractor provisions that are substantially similar to this Section 6 and Section 7 below.

7. Client Data.

Without limitation of the terms and conditions set forth in Section 6, the following terms and conditions shall apply with respect to all Client Data:

- a) Generally. The parties acknowledge that the Privacy Laws govern disclosures of nonpublic personal information about consumers. Deloitte Consulting acknowledges that pursuant to the Privacy Laws, Client is required to obtain certain undertakings from Deloitte Consulting with regard to the privacy, use and protection of Client Data. Deloitte Consulting shall protect and keep strictly confidential all Client Data. At any time, upon Client's request, Deloitte Consulting shall return to Client all Client Data in its possession. Client shall be under no obligation to take any action that, within Client's judgment, would constitute a violation of the Privacy Laws or its internal privacy policies.
- b) Obligations With Respect to Client Data. Notwithstanding any other provision of this Agreement, with respect to any Client Data, Deloitte Consulting shall: (a) comply with the Privacy Laws to the extent applicable to Deloitte Consulting in connection with the performance of the Services hereunder; (b) keep all Client Data confidential, and not disclose or use any Client Data except to the extent necessary to perform the Services and in accordance with Client's privacy policies of which it is apprised and all applicable Privacy Laws; (c) not disclose any Client Data to any third party (except Deloitte Consulting Subcontractors) without the prior written consent of Client; (d) notify Client promptly in writing when Deloitte Consulting becomes aware of any unauthorized disclosure, access, or use of Client Data from or through Deloitte Consulting, which notification shall include the following information: (i) the nature of the unauthorized disclosure or use; (ii) the Client Data disclosed or used; (iii) the identity of the person(s) or entity(ies) who received the unauthorized disclosure or made the unauthorized use; (iv) what corrective action Deloitte Consulting took or will take to prevent further unauthorized disclosures or uses; (v) what Deloitte Consulting did or will do to mitigate any deleterious effect of such unauthorized disclosure or use.
- c) Safeguards. Deloitte Consulting represents and warrants to Client that as of the Effective Date and throughout the Term, it has and will continue to have in place industry standard administrative, technical, and physical safeguards to protect the security and confidentiality of Client Data, and to protect against the unauthorized access or use of such information.
- d) Unauthorized Use or Disclosure of Client Data. Deloitte Consulting acknowledges and agrees that any unauthorized use or disclosure of Client Data could cause immediate and irreparable harm to Client for which money damages may not constitute an adequate remedy, and that in the event of any unauthorized use or disclosure of Client Data, Client will be entitled to seek immediate injunctive relief.

8. Representations and Warranties

Deloitte Consulting represents and warrants to Client that: (a) the Services shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services; (b) Deloitte Consulting's execution of and performance under this Agreement shall not breach any oral or written agreement with any third party, or any obligation owed by Deloitte Consulting to any third party to keep any information or materials in confidence or in trust; (c) Deloitte Consulting will not include any Third Party Technology in any Deliverable unless it has complied with Section 5(f) above; and (d) neither the Deliverables nor any element thereof knowingly violate any intellectual property right of a third party or are subject to any mortgages, liens, pledges, security interests, encumbrances or encroachments.

9. Limitation on Warranties.

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, DELOITTE CONSULTING DISCLAIMS ALL WARRANTIES AND REPRESENTATIONS, ORAL OR WRITTEN, EXPRESS, IMPLIED OR STATUTORY, AS TO ALL MATTERS WHATSOEVER, INCLUDING, WITHOUT LIMITATION, DELOITTE CONSULTING'S SERVICES, THE DELIVERABLES AND ANY SYSTEM OR THEIR DEVELOPMENT, THEIR CONDITION, THEIR CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION, THE DESIGN OR CONDITION OF ANY PROGRAMMING, ANY OUTPUT BASED ON USE OF ANY SYSTEM, AND ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10. Indemnification.

Deloitte Consulting shall indemnify, defend and hold Client and its Affiliates, officers, and directors harmless from any and all third party claims, damages, or other expenses (including reasonable attorneys' fees) ("Claims") (a) solely for bodily injury, death or damage to real or tangible personal property to the extent directly and proximately caused by the negligence or willful misconduct of Deloitte Consulting while engaged in the performance of services under this Agreement, provided, however, that if there is also fault on the part of Client or any entity or individual indemnified hereunder or any entity or individual acting on Client's behalf, the foregoing indemnification shall be on a comparative fault basis, (b) arising out of a breach of Deloitte Consulting's confidentiality obligations pursuant to Section 7; or (c) arising out of or in connection with infringement of any patent, copyright or similar property right (including, but not limited to, misappropriation of trade secrets) based on any Deliverables furnished to Client or the use thereof by Client, except to the extent that such infringement or unauthorized use arises from (i) Client's use of the Deliverables other than as contemplated by the applicable Work Order; (ii) Client's failure to use corrections or modifications made available by Deloitte Consulting, if such corrections or modifications would have prevented the infringement; (iii) Client's use of the Deliverables in combination with any product or system not contemplated hereunder; (iv) Client's distribution, marketing or use for the benefit of third parties of Deliverables hereunder; or (v) information, materials, instructions or specifications provided by or on behalf of Client or any third party. The foregoing indemnity obligations are contingent upon, Client giving Deloitte Consulting prompt written notice of any such Claim and cooperating with Deloitte Consulting in all reasonable respects in connection with such Claim. Deloitte Consulting shall have the right to control the defense of any such claim or action with counsel of its choosing and, consistent with Client's rights hereunder, all negotiations for its settlement provided, however, Client may participate in such defense or negotiations (at its own expense) to the extent necessary to protect its interests.

11. Limitation on Damages.

Except for willful misconduct or a party's breach of its confidentiality obligations pursuant to Section 6 and Section 7, neither party, its principals, members and employees shall not be liable to the other party for

any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the services performed under a Work Order for an aggregate amount in excess of the fees paid by Client to Deloitte Consulting under such Work Order. Except for willful misconduct or a party's breach of its confidentiality obligations pursuant to Section 6, in no event shall either party, its principals, members or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs) nor shall they be liable for any claim or demand against the other party by any third party. In furtherance and not in limitation of the foregoing, Deloitte Consulting will not be liable in respect of any decisions made by Client as a result of the performance by Deloitte Consulting of its services hereunder. The provisions of this Section 10 shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise.

12. Cooperation.

Client shall cooperate with Deloitte Consulting in the performance by Deloitte Consulting of its services hereunder, including, without limitation, providing Deloitte Consulting with reasonable facilities and timely access to data, information and personnel of Client. Client shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to Deloitte Consulting for purposes of the performance by Deloitte Consulting of its services hereunder.

13. Non-System Implementation Services Acceptance.

All Deliverables (other than those relating to a System which will be governed by the terms of Section 14 below), shall be subject to the review and approval of the Client, which such approval shall not be unreasonably withheld. Unless some other period of time is set forth in the Work Order or Project Plan, Client shall have fifteen (15) days from its receipt of any Deliverable under any Work Order to review and evaluate such Deliverable to determine whether the Deliverable complies in all material respects with the requirements set forth in the Work Order. Unless some other period of time is set forth in the Work Order or Project Plan, Deloitte Consulting shall have fifteen (15) days following Client's notice of rejection in which to correct any such problems in the Deliverable and to deliver a corrected Deliverable to Client for its review and acceptance as set forth above.

14. Special Terms for Systems Implementation Services.

The terms set forth in this Section 14 shall apply only to Systems Implementation Services being provided under a Work Order.

A. Approval of Documentation Deliverables

- a) Documentation Deliverables shall have the written approval of the Client, indicating that such Documentation Deliverables comply in all material respects with the requirements therefor set forth in the Work Order or Project Plan.
- b) Notwithstanding the specific time periods identified for the review, correction and subsequent review of the Documentation Deliverables set forth in the following subsections of this Section 14.A, the parties acknowledge that the time periods needed to review and correct Documentation Deliverables will be different based on the nature of Documentation Deliverable. Therefore, the parties will endeavor to include in the Work Order or Project Plan the following information for each Documentation Deliverable: (i) the individual within Client authorized to approve the Documentation Deliverable; (ii) the period of time for Client to conduct its initial review of the Documentation Deliverable and accept or reject; (iii) the period of time for Deloitte Consulting to correct any deficiency in the Documentation Deliverable; and (iv) the period of time for Client to

review the corrected Documentation Deliverable and accept or reject. In the event of a conflict between the time periods identified in a Work Order, Project Plan, or this Section 14.A, the following order of precedence shall apply, with the first document taking precedence of the second and the second taking precedence of the third: (1) the Project Plan; (2) the Work Order; and (3) this Section 14.A.

- c) In the event the Work Order does not specify the a period for Client to review the Deliverables and accept or reject, the Client shall have ten (10) business days from Deloitte Consulting's delivery of the Documentation Deliverable to either provide Deloitte Consulting (i) with approval of the Documentation Deliverable, or (ii) with a Rejection Notice (as defined in subsection (d) below). If, within such ten (10) day period, Client does not accept the Documentation Deliverable by providing Deloitte Consulting with notice of such acceptance in writing or provide Deloitte Consulting with a Rejection Notice, then Deloitte Consulting will send a Deemed Accepted Letter and if Client does not provide Deloitte Consulting with written acceptance or a Rejection Notice within ten (10) business days of receipt of such letter, the Documentation Deliverable shall be deemed accepted by Client.
- d) Client's review and approval of Documentation Deliverables shall be solely for the purpose of determining whether the Documentation Deliverables comply in all material respects with the requirements therefor set forth in the Work Order or Project Plan. In the event a Documentation Deliverable fails to conform in all material respects to the requirements therefor set forth in the Work Order or Project Plan, Client shall provide Deloitte Consulting with a written description, in reasonable detail, of the inadequacies, defects, deficiencies, or other problems in any rejected Documentation Deliverable (a "Rejection Notice").
- e) Deloitte Consulting shall have ten (10) business days from its receipt of a Rejection Notice from Client to complete all such corrective actions or changes in order for the Documentation Deliverable to conform with the requirements therefor set forth in the Work Order or Project Plan.
- f) Client shall then have ten (10) business days from its receipt of the corrected Documentation Deliverable to complete a review of the corrected Documentation Deliverable and to notify Deloitte Consulting in writing of its acceptance or provide Deloitte Consulting with a Rejection Notice. Client's review of such corrected Documentation Deliverable shall be solely for the purpose of determining that corrections (as described in the Rejection Notice) have been made to the Documentation Deliverable so that it conforms in all material respects with requirements therefor set forth in the Work Order or Project Plan and not for any other purpose, including, without limitation, the incorporation of additional ideas or functionality. If, within such ten (10) day period, Client does not accept the Documentation Deliverable by providing Deloitte Consulting with notice of such acceptance in writing or provide Deloitte Consulting with a Rejection Notice, then Deloitte Consulting will send a Deemed Accepted Letter and if Client does not provide Deloitte Consulting with written acceptance or a Rejection Notice within ten (10) business days of receipt of such letter, the Documentation Deliverable shall be deemed accepted by Client.
- g) Client and Deloitte Consulting may mutually agree in writing to extend the period of time allotted for any review, correction or change under this Section.
- h) Upon approval of each Documentation Deliverable pursuant to the foregoing provisions, in the event there is a contradiction between the Documentation Deliverable requirements set forth in the applicable Work Order or the Project Plan, and the components of the approved Documentation Deliverable, the approved Documentation Deliverable shall be controlling.

B. Approval of Non-Documentation Deliverables

The parties acknowledge that certain Non-Documentation Deliverables may be specified in a Work Order or Project Plan as being subject to Acceptance Testing prior to any Acceptance Testing of

the System as a whole. The procedures for such Acceptance Testing of intermediate Non-Documentation Deliverables shall be the same as for the System as a whole, provided that, Client shall have twenty (20) days from the date of first delivery of each such Non-Documentation Deliverable in which to determine whether the Non-Documentation Deliverable complies with the Acceptance Criteria. Deloitte Consulting shall have ten (10) business days to correct the Non-Documentation Deliverable upon receipt of the Rejection Notice, and Client shall have twenty (20) days to review a corrected Non-Documentation Deliverable.

C. Testing and Acceptance of the System.

- a) Acceptance Testing shall be performed by the parties for a continuous period as set forth in the Work Order or Project Plan and shall be in accordance with the following Acceptance Testing procedures (or such other acceptance testing procedures as may be mutually agreed upon by the parties in a Work Order or Project Plan).
- b) The parties acknowledge that during Acceptance Testing, the System is subject to further development and error-correction, and Deloitte Consulting gives no assurance that the System will perform or be error-free. Client shall be responsible for verifying any output resulting from use of the System if Client intends to use or rely on such output for business purposes. Client shall be responsible for proper backup procedures for any other programming and all data to protect against loss or error resulting from use of any or all parts of the System during Acceptance Testing.
- c) The parties may prepare test data, scripts, and procedures in accordance with the Work Order or Project Plan, for use before performing Acceptance Testing to preliminarily identify problems and deviations from the Acceptance Criteria and/or specifications and to rectify or correct them as part of the development process.
- d) When conducting Acceptance Tests, Client shall use agreed procedures and forms to promptly report to Deloitte Consulting any Defects and all significant deviations from the Acceptance Criteria and specifications detected during Acceptance Testing. Deloitte Consulting shall use diligent efforts to correct as many deviations as possible during the Acceptance Testing period. Any uncorrected deviations must be agreed to in writing by Client and shall be included in a final report for subsequent corrective action by Deloitte Consulting; provided, however, that any such corrective action by Deloitte Consulting shall be deemed to be part of the System Implementation Services and not a Change.
- e) Client will notify Deloitte Consulting in writing of acceptance of the System implementation ("System Acceptance"). The parties agree, however, that (i) if within fifteen (15) days of successful completion of all Acceptance Testing Client does not notify Deloitte Consulting in writing of System Acceptance, then Deloitte Consulting will send a Deemed Accepted Letter, and if Client does not provide Deloitte Consulting with written acceptance or rejection within ten (10) business days of receipt of such letter, then System Acceptance will be deemed to have occurred, or (ii) if Client uses the System to perform or process Client's data or functions in actual operations on a full scale basis (which shall not include any pilot testing of the System within Client's organization or putting the System into a production environment on a limited basis and for a limited duration), then System Acceptance will be deemed to have occurred.

D. System Implementation Changes

- a) A "Change" means a modification of a System Implementation Work Order that adds functions, requirements, or responsibilities that are different from and in addition to those functions, requirements, and responsibilities that are described in the Work Order or Project Plan as being "in scope". No Change shall be valid unless executed in writing and signed by both parties (each a "Change Order"), and no charges or expenses of any kind to be assessed to Client under the Work Order may be increased except pursuant to a Change Order or other mutual written agreement of

- the parties. By way of example and without limitation of the foregoing, "Change" shall not include project adjustments that have an insubstantial impact on the overall costs to Deloitte Consulting of providing the Systems Implementation Services or on the delivery schedule of the Documentation Deliverables, Non-Documentation Deliverables or System implementation.
- b) The party requesting the Change shall submit a written Change Order to the other describing the proposed changes in appropriate detail (a "Change Request"). As part of the Change Request process, Deloitte Consulting will provide Client with a written, high level, non-binding assessment of any incremental costs and the time required to perform the modifications covered by the Change Request, either as part of its Change Request if the Change is being requested by Deloitte Consulting or within ten (10) business days of its receipt of a Change Request from Client. Price increases for a Change shall be calculated based on the number of person-hours required to implement such Change Request times the hourly rates agreed to in the Work Order, or on such other pricing methodology as the parties shall mutually agree in the Work Order or Change Order.
 - c) Client will notify Deloitte Consulting in writing within ten (10) days after receipt of a Deloitte Consulting initiated Change Order Request or Deloitte Consulting's response to a Client initiated Change Order Request as to whether Client wishes Deloitte Consulting to implement such Change and, if so, the parties will execute a Change Order setting forth the agreed upon change in scope of the Services and corresponding fees and expenses (if any) and time required to perform such Change.
 - d) Change Request resolution is the responsibility of Client's Project Director and Deloitte Consulting's Engagement Principal under the Work Order, or their written designees.

E. Warranty Terms and Conditions.

- a) For a period of one hundred and eighty (180) days following System Acceptance (the "Warranty Period"), Deloitte Consulting hereby warrants that the System will conform to and function in accordance with the Acceptance Criteria (the "Warranty"). If, within the Warranty Period, the System fails to comply with the Warranty, Deloitte Consulting shall repair any deficiencies in order to bring the System into compliance with such Warranty (at no cost to Client); provided that Client promptly notifies Deloitte Consulting in writing of such failure, sets forth the deficiencies in sufficient detail, provides adequate documentation and evidence to reproduce such deficiency, if possible, and when necessary, demonstrates such deficiency, so that its cause may be traced and corrected within the Warranty Period. If Deloitte Consulting discovers during the correction of any deficiency under a Warranty claim, and can demonstrate through adequate documentation and evidence, that the deficiency was not caused by the System Implementation Services, but was instead caused by a third party product or service, or caused by Client's actions as set forth in subsection (d) below, Client shall pay Deloitte Consulting on a time and materials basis (at the hourly rates set forth in the Work Order) and any expenses incurred in connection with its investigation and/or repair of the deficiencies under such Warranty claim.
- b) If Deloitte Consulting is unable to correct a deficiency within a reasonable time, Client shall be entitled to seek any remedies available to Client by law or at equity.
- c) Deloitte Consulting shall have no obligation under this Section to make warranty repairs attributable to Client's misuse or modification of the System; Client's failure to use corrections or enhancements made available by Deloitte Consulting; Client's use of the System in combination with any product other than one specified by Deloitte Consulting; the quality or integrity of data from other automated or manual systems with which the System interfaces; hardware, systems software, telecommunications equipment or software not a part of the System which is inadequate

to allow proper operation of the System or which is not operating in accordance with the manufacturer's specifications; or operation or utilization of the System in a manner not contemplated by this Agreement.

- d) Because not all errors in the System can or need to be corrected, Deloitte Consulting does not warrant that the System will be error-free.
- e) Client understands that Deloitte Consulting bears no responsibility of any kind for hardware or software product that is supplied to Client by a third party manufacturer or software developer, and Client agrees not to look to Deloitte Consulting for any warranty for such product. Client's use of any third-party software provided by Deloitte Consulting hereunder that is supplied by a third party software licensor shall be limited and subject to the terms and conditions provided by such third party software licensor and the terms of this Agreement shall not apply to such software.

15. Subcontracting.

- a) Approval Process; Approval. Deloitte Consulting shall not subcontract any portion of the Services to any unrelated third party without Client's prior written approval (which such approval may be set forth in the Work Order). A proposed Deloitte Consulting subcontractor that is approved by Client in accordance with the foregoing shall be deemed a "**Deloitte Consulting Subcontractor**," and such Deloitte Consulting Subcontractor's subcontract with Deloitte Consulting shall be deemed a "**Deloitte Consulting Subcontract**," for purposes of this Agreement.
- b) Pre-Approved Deloitte Consulting Subcontractors. Client acknowledges that any Deloitte Consulting affiliates (Pre-Approved Deloitte Consulting Subcontractors) shall be deemed approved by Client in accordance with Section 15(a) above. For the avoidance of doubt, Deloitte Consulting shall at all times remain directly liable to Client for all actions and inactions of Deloitte Consulting Subcontractors, including any Deloitte Consulting affiliates performing any Services.
- c) Required Flowdown Provisions. Without limiting any other provision of this Agreement, Deloitte Consulting shall include in each Deloitte Consulting Subcontract provisions, terms and conditions substantially similar to the provisions of Sections 5 (Licenses and Ownership), 6 (Confidentiality), 7 (Client Data), 17 (Insurance) and 18 (Security) of this Agreement. Upon termination of a Work Order hereunder for any reason, Client shall have the right to contract directly with a Deloitte Consulting Subcontractor with respect to the terminated Services notwithstanding anything to the contrary contained in the applicable Deloitte Consulting Subcontract.
- d) Responsibility. Deloitte Consulting shall remain fully responsible and liable for all obligations, services, and functions performed by any Deloitte Consulting Subcontractors to the same extent as if such obligations, services, and functions were performed by Deloitte Consulting employees.
- e) Removal of Deloitte Consulting Subcontractors. Without limiting any other provision of this Agreement, upon reasonable prior written notice, Deloitte Consulting shall remove any Deloitte Consulting Subcontractor if Client reasonably determines that the continued provision of Services by such Deloitte Consulting Subcontractor is not in Client's best interests. Client acknowledges and agrees that such removal may impact the schedule of performance for and cost of the Services and the parties agree to work together to attempt to minimize any disruption resulting from such request.

16. Audit

During the term of a Work Order hereunder and for one (1) year thereafter, Deloitte Consulting shall keep and maintain reasonably complete and accurate books, records and accounts relating to the fees and expenses invoiced to Client under such Work Order. Such records shall include: (a) the records of all

receipts, costs and disbursements made by Deloitte Consulting relating to the applicable Services, (b) all books and accounts regarding costs incurred by or the amounts charged by Deloitte Consulting under such Work Order, (c) when Client is charged on a time and materials basis for the Services, timekeeping records and records of direct hours expended in the delivery of the Services by Deloitte Consulting and/or Deloitte Consulting Subcontractors, including any aggregated and summary reports of such information that may have been prepared, and (d) other documents (such as copies of receipts and invoices) indicating or substantiating the cost of any and all expenditures billed to Client and receipts received by Client under such Work Order. Upon reasonable notice, Client shall have the right, no more than one time per calendar year, to audit such books, records and accounts of Deloitte Consulting to verify the amounts invoiced to Client under this Agreement. Any such audit shall be conducted during the regular business hours of Deloitte Consulting, in such a manner so as not to interfere with the normal business activities of Deloitte Consulting, and shall be at Client's expense, provided that if such audit reveals an overpayment of eight percent (8%) or more under a Work Order, Deloitte Consulting shall promptly pay to Client all costs and expenses of such audit. Deloitte Consulting shall promptly pay Client the amount of any overpayment revealed by any such audit.

17. Insurance

- a) Coverage. Deloitte Consulting shall, throughout the term of each Work Order and at its own expense, have and maintain in force the following insurance coverages:
- A. Employer's Liability Insurance, including coverage for occupational injury, illness, and disease, and other similar social insurance with minimum limits per employee and per event of \$1,000,000 and a minimum aggregate limit of \$1,000,000 or the minimum limits required by law, whichever limits are greater;
 - B. Worker's Compensation Insurance (or other, similar insurance), including coverage for occupational injury, illness, and disease, and other similar social insurance in accordance with the laws of the country, state, or territory exercising jurisdiction over the employee;
 - C. Commercial General Liability Insurance, including Products, Completed Operations, Premises, Operations, Personal and Advertising Injury (deleting any contractual liability exclusion), Contractual and Broad Form Property Damage liability coverages, on an occurrence basis, with a minimum combined single limit per occurrence of at least \$2,000,000 and a minimum combined single aggregate limit of \$5,000,000;
 - D. Automotive Liability Insurance covering use of all owned, non-owned, and hired automobiles for bodily injury, property damage, uninsured motorist, and underinsured motorist liability with a minimum combined single limit per accident of at least \$1,000,000 and at least \$1,000,000 on an aggregate basis;
 - E. Computer Crime Insurance, including blanket coverage for Employee Dishonesty and Computer Fraud, Computer Systems fraud, data processing service operations, voice-initiated transfer fraud, systems fraud, telefacsimile fraud and destruction of data or programs, for loss or damage arising out of or in connection with any fraudulent or dishonest acts committed by the employees of Vendor, acting alone or in collusion with others, including the property and funds of others in their possession, care, custody, or control, with a minimum limit per event of \$5,000,000;
 - F. Errors and Omissions Liability Insurance covering liability for loss or damage due to an act, error, omission, or negligence, or due to machine malfunction, with a minimum limit per event of \$2,000,000 with an aggregate limit of \$5,000,000;

G. Fidelity Bond Insurance covering liability for loss or damage due to any employee's or subcontractor's dishonest acts, on premises or in transit, forgery or alteration, with a minimum limit per event of \$2,000,000 and with an aggregate limit of \$5,000,000; and

H. Umbrella Liability Insurance with a minimum limit of \$5,000,000 in excess of the insurance coverage described in subsections (A), (C), (D), (E) and (F) above.

- b) Insurance Terms. The insurance coverages specified in Section 17(a) (Coverage) shall be primary, and all coverage shall be non-contributing and non-participating with any other valid and collectible insurance in force for Deloitte Consulting or self insurance. The insurance coverages under Sections 17(a)(C) and (D) shall be endorsed to include Client as an additional insured. To the extent any coverage is written on a claims-made basis, it shall allow for reporting of claims until the later of one (1) year after the Term or the expiration of the period of the applicable limitations of actions, whichever is later.

At Client's written request, Deloitte Consulting shall cause its insurers to issue certificates of insurance evidencing that the coverages and policy endorsements required under this Agreement are maintained in force and that the insurer will endeavor to provide Client not less than thirty (30) days' written notice prior to any reduction, cancellation, or non-renewal of the policies. The insurers selected by Deloitte Consulting shall be of good standing and authorized to conduct business in all jurisdictions in which Services are to be performed. When an applicable policy is issued each such insurer shall have at least an A.M. Best rating of "A-".

Deloitte Consulting shall require Deloitte Consulting Subcontractors, if any maintain (i) such insurance provided in Section 17(a)(A), with minimum limits of \$1,000,000; (ii) such insurance provided in Section 17(a)(B); (iii) such insurance provided in Section 17(a)(C), with minimum limits of \$1,000,000, which coverage shall be endorsed to include Client as an additional insured; and (iv) such insurance provided in Section 17(a)(D), with minimum limits of \$250,000 per person and \$500,000 per occurrence, which coverage shall be endorsed to include Client as an additional insured. Deloitte Consulting may structure the insurance coverage required by this Section 17 in any manner that allows it to reach the total limits of the required coverage.

In the case of loss or damage or other event that requires notice or other action under the terms of any insurance coverage specified in this Section 17, Deloitte Consulting shall be solely responsible to take such action. Client shall provide to Deloitte Consulting reasonable assistance and cooperation with respect to any insurance claim.

Deloitte Consulting's obligation to maintain insurance coverage hereunder shall be in addition to, and not in lieu of, Deloitte Consulting's other obligations hereunder, and Deloitte Consulting's liability to Client shall not be limited to the amount of coverage required hereunder.

18. Security

To the extent Deloitte Consulting will have remote access to Client's server in connection with the provision of the Services, Deloitte Consulting will comply with the Security Requirements set forth in Exhibit B attached hereto and made a part hereof.

19. Other Terms

- a) Excusable Delay. Neither party will be liable for any delay or failure to perform due to causes beyond its reasonable control and without its fault or negligence, provided, however, that the party whose performance is affected shall provide prompt written notice of such cause to the other party, and

further provided that if such cause continues to prevent or delay performance for more than sixty (60) day, the other party may terminate this Agreement, effective immediately upon written notice to the non-performing party.

- b) Limitation on Actions. No action, regardless of form, arising under or relating a Work Order, may be brought by either party more than two years after the cause of action has accrued, except that an action for non-payment may be brought by a party not later than one year following the date of the last payment due to such party under such Work Order.
- c) Independent Contractor. It is understood and agreed that Deloitte Consulting's relationship with Client shall be that of an independent contractor and that nothing in this Agreement should be construed to create a partnership, joint venture, agency or employer-employee relationship between the parties. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other. Further, it is not the intention of this Agreement or of the parties hereto to confer a third party beneficiary right of action upon any third party or entity whatsoever, and nothing in this Agreement shall be construed to confer upon any third party other than the parties hereto a right of action under this Agreement or in any manner whatsoever. Deloitte Consulting (and its employees and agents) shall not be entitled to any of the benefits Client may make available to its employees, such as group insurance, profit-sharing, or retirement benefits. Deloitte Consulting shall be solely responsible for all tax returns (and all costs related thereto) required to be filed with or made to any federal, state or local tax authority with respect to Deloitte Consulting's performance of Services and receipt of fees under this Agreement. Client may regularly report amounts paid to Deloitte Consulting with the Internal Revenue Service as required by law. Because Deloitte Consulting is an independent contractor, Client shall not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, or obtain worker's compensation insurance on Deloitte Consulting's (or its employees' or agents') behalf. Deloitte Consulting shall be solely responsible for non-compliance with, all applicable federal, state and local laws, rules and regulations, including obligations such as payment of all taxes, social security, disability and other contributions based on fees paid to Deloitte Consulting, its agents or employees under this Agreement.
- d) Advertising. Neither party shall use the other's name in advertising or publicity releases without securing the other party's prior written consent.
- e) Survival. The provisions of Sections 3, 5, 6, 7, 10, 11, 14.E, 16 and 19(b), (e), (h), (i) and (j) hereof shall survive the expiration or termination of this Agreement.
- f) Assignment. Except as provided below, neither party may assign, transfer or delegate any of the rights or obligations hereunder without the prior written consent of the other party (other than to a successor in interest).
- g) Entire Agreement. This Agreement, and any Work Orders, including exhibits, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other oral and written representations, understandings or agreements relating thereto, including the terms and conditions contained on any purchase order (regardless of any statement therein to the contrary).
- h) Governing Law and Severability. This Agreement, and any Work Orders, including the exhibits, shall be governed by, and construed in accordance with, the internal laws of the State of New York (as permitted by Section 5-401 of the New York General Obligations Law (or any similar successor provision), without giving effect to the choice of law principles thereof. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent

necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Agreement.

- i) Notices. All notices hereunder shall be (i) in writing, (ii) delivered to the representatives of the parties at the addresses set forth below, and to the parties Project Managers as set forth in the relevant Work Order, and (iii) effective upon receipt.

To Deloitte Consulting: Deloitte Consulting LLP
 Attn: Office of the General Counsel
 1633 Broadway
 New York, NY 10019

To Client: AIG Technology Management Services, Inc.
 Office of the OCIO
 Attention: General Counsel
 90 Hudson Street
 Jersey City, NJ 07032

For Deemed Accepted Letters: Warren Luedecker:
 Senior Vice President
 AIG Technology Management Services, Inc.
 70 Pine Street, 19th Floor
 New York, NY 10270

Either party may change its address for notice by giving the other party prior written notice of the new address in conformity with the foregoing and the date upon which such new address will become effective.

- j) Waiver. The failure of either party to insist upon strict performance of any of the provisions contained in this Agreement or any Work Order shall not constitute a waiver of its rights as set forth in this Agreement or any Work Order, at law or in equity, or a waiver of any other provisions or subsequent default by the other party of any of the terms or conditions in this Agreement or any Work Order.

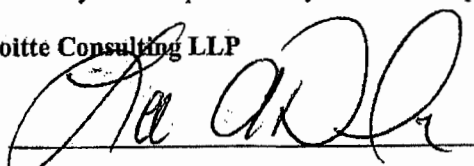
IN WITNESS WHEREOF, Deloitte Consulting and Client have caused this Agreement to be executed and delivered by their respective duly authorized representatives as of the date first set forth above.

Deloitte Consulting LLP

By: _____

Name: Lawrence A. Danielson

Title: Principal



AIG Technology Management Services, Inc.

By: _____

Name: WARREN LUEDECKER

Title: SVP

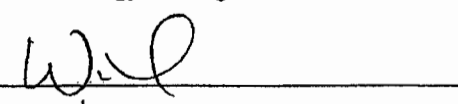


Exhibit A

Form of Work Order

This Work Order is governed by the Master Services Agreement between Deloitte Consulting LLP and AIG Technology Management Services, Inc. dated as of May 21, 2004 (the "Agreement") and is fully incorporated therein.

WHEREAS, the undersigned entity ("Client") desires to engage Deloitte Consulting to perform the services described herein (the "Services") and Deloitte Consulting agrees to provide such Services.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises contained herein, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Description of Services

2. Deliverables

3. Schedule for Services

5. Fees and Expenses

6. Each Party's Project Manager (with contact information)

IN WITNESS WHEREOF, the parties have caused this Work Order to be executed and entered into by their respective duly authorized representatives as of the date last executed below.

[CLIENT]

DELOITTE CONSULTING LLP

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B**Security Requirements**

Deloitte Consulting personnel may be required to connect remotely to Client's networks in order to complete the Services in a timely and cost-effective manner. With respect to any such remote connection, Deloitte Consulting agrees to comply with Client's information security policies pertaining to virus protection, desktop security and configuration, remote access and external connectivity set forth below:

All Deloitte Consulting interconnectivity to Client computing systems and/or networks and all attempts at same shall be only through Client's security gateways/firewalls. Specifically, all communications links into the Data Center shall connect through its extranet firewall.

Deloitte Consulting access will be limited to systems and data that Deloitte Consulting requires for the completion of the applicable Services.

Deloitte Consulting shall not attempt to circumvent or subvert Client's security policies or products, to access data unrelated to the applicable Services, or to disseminate malicious code.

Site-to-site connectivity with the Client Data Center shall be approved by Client's External Connectivity Committee. Such approval may require (a) working with Client to complete an external connectivity committee form, which includes information regarding domain controllers, network addresses, service ports, destination IP and hostnames, and destination ports that need to be accessed by Deloitte Consulting to perform the Services for Client, and (b) completing an assessment of applicable security risks.

Individual Personnel requesting remote access via the Data Center's dial-in or remote access solution shall follow the Client standard processes for requesting remote access of which they are apprised. Any such request shall be approved by the Client's Project Manager. Each approved user shall comply with Client standards for desktop security and anti-virus protection and shall not connect to Client's networks while simultaneously connected to another remote network.

Deloitte Consulting shall not access, and will not permit unauthorized persons or entities to access, Client computing systems and/or networks without Client's authorization and any such actual or attempted access shall be consistent with any such authorization.

Deloitte Consulting shall use industry standard virus detection/scanning program prior to any attempt to access any of Client's computing systems and/or networks, and upon detecting a virus, all attempts to access Client's computing systems and/or networks shall immediately cease and shall not resume until any such virus has been eliminated.

Use of Client systems or networks may be subject to monitoring or auditing by system administrators; any use of Client systems by Deloitte Consulting constitutes acceptance of that monitoring. Users should have no expectation of privacy while traversing Client networks or while logged in to Client systems.



Deloitte Consulting LLP
One Prospect Street
Summit, NJ 07901
USA
Tel: 908-673-5600
Fax: 908-673-5201
www.deloitte.com

September 28, 2006

Letter of Engagement – Addendum 1

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. Deloitte Consulting LLP (“Deloitte Consulting”) has been assisting with the financial, operations and reporting assessment and systems selection for Utilities, Inc. and these activities are now complete. Based on our recent discussions with you and your team we understand that Utilities, Inc. has selected SPL as their application of choice for the Customer Information System and JD Edwards for their Financial application. At this point you would like our assistance with the remaining phases of the implementation for these selected solutions.

This letter is limited to the Scoping and Planning phase of the implementation as outlined in the approach section of the letter. Please note that we have also outlined the remaining phases of implementation for the financial, operational and reporting applications. The details of the remaining phases will be finalized based on the results of the Scoping and Planning phase.

This letter will serve as an addendum (“Addendum 1”) to our engagement letter dated June 9, 2006, and is organized into the following sections:

- I. Our Understanding of Your Objectives
- II. Project Scope
- III. Project Approach and Deliverables
- IV. Project Staffing
- V. Professional Fees and Project Assumptions

Member of

OUR UNDERSTANDING OF YOUR OBJECTIVES

We understand that your overall objective is to create financial transparency by enhancing and integrating processes, supporting applications and controls across Utilities, Inc. and making them scalable for future growth.

A key consideration to take into account is the timing across each of these project threads based on resource availability at Utilities, Inc. and impact on the finance year-end close and audits. Our plan is to assist you with appropriately assessing the timeline for each project thread to ensure appropriate timing and successful completion of these projects.

PROJECT SCOPE

Based on our understanding it is envisaged that the scoping and planning phase, as outlined in the detailed section of the approach will outline implementation activities and be supported by a detailed Implementation Workplan. The Implementation Workplan will identify detailed implementation activities with timing, resources and budgets for these activities.

During the Scoping and Planning phase we will assist you in filling the functional gaps between the selected CIS and Financial solutions and assess the prioritization of requirements, customizations, schedule, resources and costs to outline the implementation approach of the selected applications and modules, these include:

- a. Financial Application:
 - General Ledger
 - Accounts Payable
 - Requisitioning
 - Fixed Assets
 - Capital Projects
 - Budgeting & Planning
 - Human Resources (excluding Payroll¹)
 - Reporting
- b. Operational (Customer Information System "CIS") Application:
 - Billing
 - Accounts Receivable
 - Customer Service
 - Operations (Monitoring) and Compliance (Permits)
 - Meter Reading

¹ Currently Payroll is excluded from the scope of finance system implementation, further discussion is required to include this in scope

- Repairs and Maintenance
- Reporting
- c. Assist with the selection of a third party environmental software solution to fill the functional gap for SPL and JD Edwards applications
 - Validate requirements with vendor shortlist
 - Conduct reference checks and select the appropriate environmental package
- d. IT Network Architecture: Review existing IT network infrastructure across the organization and sites to determine requirements, conduct detail design and purchase and outline detailed implementation schedule of the technology to support the applications being implemented

The specific scope across each of the aforementioned threads will be defined in the Scoping and Planning Document which will be developed as outlined in the project approach section of the implementation.

PROJECT APPROACH AND DELIVERABLES

We have outlined our approach and deliverables into two work streams:

- A. Implementation - Scoping & Planning Phase
- B. Infrastructure Review and Planning

A. Implementation - Scoping & Planning:

We will use Deloitte Consulting's implementation methodology to support our implementation activities and provide overall program management support. This methodology consists of five phases. These phases, which have been customized for the Utilities, Inc. implementation, are described below. We have outlined an estimated timeline and key activities across each implementation thread, however based on decisions from the Scoping and Planning phase the approach and/or timing of implementation activities can vary across each application.

The following Phases represent the high level approach, key project activities and time line for implementation.

- Phase I: Scoping & Planning – Planning the implementation and developing the workplan for each thread. During this Phase we will finalize the timing, resources, budgets and specific scope across each thread.
- Phase II: Detailed Design – Defining system features, functionality to support the future state processes and Design, test and set up system functionality and processes. Data conversion programs and reports are defined and designed.
- Phase III: Build & Data Conversion – Build and test the required system features, functionality, data conversion and import/export routines. Convert, load and test historical activity.

- Phase IV: Test & Train – Undertake user acceptance testing of the system and train users on system and processes.
- Phase V: Roll-out and Support (“Cutover”) – Set-up and design of production environment, conversion of historical data into production, and preparation for “go-live”.

The table below outlines the key activities and estimated timing and deliverables for each phase.

| | Scoping & Planning | Detailed Design | Build & Data Conversion | Test & Train | Roll-out & Support |
|------------------|---|---|--|---|---|
| Key Activities | <ul style="list-style-type: none"> › Kick-off project › Develop detailed plans for each thread › Define "In-scope" Processes & Modules › Scope of Historical Data Conversion & Validation › Interfaces & Imports › Training & Testing Approach including pre-build training › Develop Project Communication Plan › Coordinate with vendors and facilitate contract negotiations › Assist in selecting third party EAM application › Capacity Planning › Infrastructure Review, Design and Purchase | <ul style="list-style-type: none"> › Identify and resolve business and configuration decisions › Design "to-be" technical & data requirements › Develop conversion strategy › Develop security requirements › Develop configuration requirements › Develop integration requirements › Determine & establish technical environment (separate thread) › Develop test plan › Develop migration plan | <ul style="list-style-type: none"> › Configure systems › Build integrations › Build & implement data conversion programs › Prepare testing scripts › Develop configuration documentation › Determine training requirements › Prepare end-user training material | <ul style="list-style-type: none"> › Undertake testing of: <ul style="list-style-type: none"> › functions › security › integrations › performance › Users to undertake User Acceptance Testing › Develop "go-live" plan › Roll-out end-user training › Perform Readiness Assessment | <ul style="list-style-type: none"> › "Go-live" / Implement new systems and processes › Cut-over data › Provide post-implementation support |
| Key Deliverables | <ul style="list-style-type: none"> › Scoping & Planning › Detailed Implementation Project Plan (including infrastructure) › Technical Design | <ul style="list-style-type: none"> › Functional Design › Report Specifications › Technical Specifications › Integration Specifications › Data Conversion Specifications | <ul style="list-style-type: none"> › System configuration › Integration configuration › Process documentation › End-user training material › Test scripts | <ul style="list-style-type: none"> › "Go-live" plan › Post implementation support strategy › Completed testing documentation › Readiness Assessment | <ul style="list-style-type: none"> › Live system with converted data › Documentation updates, as required › Systems implementation review |
| Est. Timing | 5-6 Weeks | TBD | TBD | TBD | TBD |

The timeline for Scoping & Planning though estimated is firm. The estimated timing from Detailed Design to Roll-out and Support will be confirmed and finalized after Scoping and Planning phase is complete.

In addition, during the project the Deloitte Consulting engagement team will provide Utilities, Inc. with updates on the project status, milestones and schedule.

B. Infrastructure Analysis and Planning:

In conjunction with the scoping and planning phase for the selected applications, it is critical that Utilities Inc. also purchases and implement an IT infrastructure to support these applications. In order to assist Utilities Inc. with selecting the appropriate provider we have outlined a 6 week approach which will be conducted parallel to the scoping and planning phase. At the end of the 6 weeks we will provide Utilities Inc. with a requirements, technical design of their environment, vendor selection and detailed implementation plan for the technology solution implementation. Technology Implementation is outside of the scope of the Infrastructure Analysis and Planning phase. We have outlined our approach in the table below:

| | Requirements Gathering | Detailed Design | Vendor Recommendation & Purchase | Create Implementation Schedule | Technology Implementation |
|-------------------------|--|---|---|--|--|
| Key Activities | <ul style="list-style-type: none"> › Evaluate Utilities, Inc. (UI) SLO's › Understand user SLA requirements › Identify business needs › Meet with key user groups for system function requirements › Do current state IT staff analysis | <ul style="list-style-type: none"> › Develop configuration requirements › Develop integration requirements › Design technical environment › Develop test plan › Develop migration plan | <ul style="list-style-type: none"> › Select product providers › Negotiate pricing of products › Order Products | <ul style="list-style-type: none"> › Design Implementation schedule to include major tasks: <ul style="list-style-type: none"> › Conversion Strategy › Test plan development & implementation › Migration plan development & implementation › Server install plan › Software install plan | <ul style="list-style-type: none"> › Configure systems › Implement data conversion programs › Develop test plan › Implement test scripts › Develop and implement migration plan › Prepare administrator & end-user training material › Create as-built system documentation › Create system management framework |
| Est. Timing | 2 weeks | 2.5 weeks | 1 week | .5 week | TBD |
| Key Deliverables | <ul style="list-style-type: none"> › Design assumptions › User requirement documentation › Service Level Objectives required › Service Level Agreements required | <ul style="list-style-type: none"> › Functional Design › Key Decision Documents Report Specifications › Technical Design › Integration Design | <ul style="list-style-type: none"> › Vendor recommendation matrix › Purchase orders for gear | <ul style="list-style-type: none"> › Implementation Plan | <ul style="list-style-type: none"> › Live system › Documentation updates, as required › Systems Implementation review › System support plan |

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Utilities, Inc. and Deloitte Consulting resources. We will expect a focused participation from a number of your key management and staff team members. Utilities, Inc. personnel will be supplemented by software vendor personnel with an appropriate level of oversight from the Deloitte Consulting team. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level. It is our understanding that Utilities, Inc. has identified Danny Delgado to work with the Deloitte project manager on this phase of the project.

The proposed Deloitte Consulting management team and associated individual responsibilities includes:

Larry Danielson will serve as the engagement principal, providing overall quality assurance and client management. He has over 23 years of relevant experience and is our Lead Consulting Partner at AIG. He has led projects like this at a broad range of clients including AIG. Specifically Larry has a strong understanding of the operations, systems and organizational structures of financial functions. He will also coordinate all the necessary Deloitte disciplines required for this engagement.

Rohit Malhotra will serve as the project leader for the Deloitte Consulting resources and be responsible for providing oversight to the Deloitte Consulting project team. He will serve as the day to-day-contact for the Utilities, Inc. management team. Rohit is a member of our Financial Management practice and has over 8 years of experience serving clients with financial processes reengineering and finance transformation, financial system selection and implementations, and internal controls evaluation and readiness projects.

Michael Sparrow will serve as the day-to-day project manager and be responsible for providing overall program management support to the Utilities Inc. project manager. He will serve as the day to-day-contact for the Utilities, Inc. management team. Michael is a member of our Financial Management practice.

Seth Seigel will serve as the IT infrastructure specialist. He is a Director in the Financial Services Technology practice and specializes in Architecture & Infrastructure consulting. For over the past decade, Seth has been working with senior executives to understand and plan out the adoption of new technology. Seth has worked with clients in the development of their automation and virtualization projects' in Investment Banking that was recognized by Waters magazine as the Wall Street Technology project of the year

In addition to our team described above we expect to utilize approximately 4 consultants across both work streams and specialists from Deloitte Consulting to assist with the Scoping and Planning and the IT Infrastructure Analysis and Planning work streams. If additional full-

time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based upon our knowledge of the organization and the work effort that has already been completed to date we expect the duration of Scoping and Planning and Infrastructure Analysis phase to be approximately 5 to 6 weeks, subject to vendor availability. We have estimated our professional fees in support of consulting services based on the project scope and assumptions outlined in this engagement letter in the table below.

| Work Stream | Description | Estimated Fees |
|--------------------|---|-----------------------|
| A | Implementation: Scoping & Planning Phase (only) | \$250,000 - \$285,000 |
| B | Infrastructure Analysis and Planning | \$210,000 - \$220,000 |

The estimated fees in the table above for Work Stream A only include fees related to Scoping & Planning phase of the project. Given that the subsequent phases for each of the applications will be independent decisions made during the Scoping & Planning phase we will confirm these after the Scoping and Planning phase. We will issue an addendum to this engagement letter with specific timing, resources and fees for implementation activities related to each thread of Work Stream A and B.

In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your authorization.

These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of Utilities, Inc. management and other personnel, as defined in this engagement letter. These estimates do not include any costs related to the software and sub-contractors. Based on our experience, issues sometimes arise that require efforts beyond what was initially anticipated. If this should occur, we will discuss it with the Utilities, Inc. team and seek authorization prior to performing any additional work.

Our practice for invoicing is as follows:

- > We will bill our actual fees for services rendered, on a bi-weekly basis
- > Expenses will be billed as incurred, on a bi-weekly basis

Mr. Larry Schumacher
September 28, 2006
Page 8

- › A reconciliation of fees will be prepared prior to the last invoice to ensure that all invoicing has been completed. Any adjustments will be made in the final invoice.
- › Invoices are due and payable upon receipt

Reasonable direct business expenses (e.g., travel, telephone, fax, report preparation, etc.) are additional to our fees and will be charged at our cost. These expenses are typically 10% - 15% of our projected professional fees. If you require assistance with additional areas of focus, other activities not contemplated by this letter, or wish to extend the level of our assistance beyond the resources indicated, we would be happy to accommodate your request and will work with you to determine a mutually agreed upon scope and fee estimate. Deloitte Consulting may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are acceptable to Utilities, Inc. and Deloitte Consulting. In any event, no increase in the quoted fee rate will be made without your prior approval.

ASSUMPTIONS

The approach outlined above and the related timing and fees described below consider the following key assumptions:

1. All deliverables outlined in this engagement letter will be prepared under the direction of the Utilities, Inc. management team outlined above.
2. Utilities, Inc. senior and operating management and staff will be available for meetings and follow-up and committed as necessary to ensure timely completion and resolution of project tasks and issues. Senior management of Utilities, Inc. will also ensure that adequate communication is provided to the organization and those resources necessary are committed to the project timeline.
3. Utilities, Inc. will make available all existing policy and procedure documentation as well as any control documentation that have already been developed.
4. We will provide to the Utilities, Inc. management team our observations, conclusions and recommendations, however all decisions in connection with the selection and implementation shall be the responsibility of Utilities, Inc. Ownership of the final product rests with Utilities, Inc. management.
5. Timely reviews with the Utilities, Inc. team will be conducted to provide "real-time" feedback on the project status and documentation created.
6. The scope of work outlined in this letter does not include the system implementation phase, organizational restructuring or performance metric design.

* * * * *

Mr. Larry Schumacher
September 28, 2006
Page 9

This Addendum is subject to the terms of Appendix A, the Master Services Agreement as documented in our engagement letter dated June 9, 2006.

Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618 4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

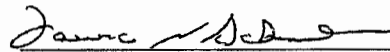
Yours truly,

Deloitte Consulting LLP

Utilities, Inc.



By:
Name: Lawrence A. Danielson
Title: Principal
Date: September 28, 2006



By:
Name: Larry Schumacher
Title: President
Date: 9/29/06



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October 25, 2006

Letter of Engagement – Addendum 2

Mr. Larry Schumacher
President & CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. Deloitte Consulting LLP (“Deloitte Consulting”) has been assisting with the financial, operations and reporting assessment and systems selection for Utilities, Inc. and these activities are now complete. Based on our recent discussions with you and your team we understand that Utilities, Inc. has selected SPL as their application of choice for the Customer Information System and JD Edwards for their Financial application. At this point you would like our assistance with the remaining phases of the implementation for these selected solutions.

This letter is limited to the Scoping and Planning phase of the implementation as outlined in the approach section of the letter. Please note that we have also outlined the remaining phases of implementation for the financial, operational and reporting applications. The details of the remaining phases will be finalized based on the results of the Scoping and Planning phase.

This letter will serve as an addendum (“Addendum 2”) to our engagement letter dated June 9, 2006, and is organized into the following sections:

- I. Our Understanding of Your Objectives
- II. Project Scope
- III. Project Approach and Deliverables
- IV. Project Staffing
- V. Professional Fees and Project Assumptions

Member of

OUR UNDERSTANDING OF YOUR OBJECTIVES

We understand that your overall objective is to create financial transparency by enhancing and integrating processes, supporting applications and controls across Utilities, Inc. and making them scalable for future growth.

A key consideration to take into account is the timing across each of these project threads based on resource availability at Utilities, Inc. and impact on the finance year-end close and audits. Our plan is to assist you with appropriately assessing the timeline for each project thread to ensure appropriate timing and successful completion of these projects.

PROJECT SCOPE

Based on our understanding it is envisaged that the scoping and planning phase, as outlined in the detailed section of the approach will outline implementation activities and be supported by a detailed Implementation Workplan. The Implementation Workplan will identify detailed implementation activities with timing, resources and budgets for these activities.

During the Scoping and Planning phase we will assist you in filling the functional gaps between the selected CIS and Financial solutions and assess the prioritization of requirements, customizations, schedule, resources and costs to outline the implementation approach of the selected applications and modules, these include:

- a. Financial Application:
 - General Ledger
 - Accounts Payable
 - Requisitioning
 - Fixed Assets
 - Capital Projects
 - Budgeting & Planning
 - Human Resources (excluding Payroll¹)
 - Reporting
- b. Operational (Customer Information System "CIS") Application:
 - Billing
 - Accounts Receivable
 - Customer Service
 - Operations (Monitoring) and Compliance (Permits)
 - Meter Reading

¹ Currently Payroll is excluded from the scope of finance system implementation, further discussion is required to include this in scope

- Repairs and Maintenance
- Reporting
- c. Assist with the selection of a third party environmental software solution to fill the functional gap for SPL and JD Edwards applications
 - Validate requirements with vendor shortlist
 - Conduct reference checks and select the appropriate environmental package
- d. Enterprise Network Architecture: Define future state requirements and develop detail design. This includes the technology to be purchased and detailed plan for implementation.
- e. Data Center Equipment Hosting Vendor Selection: Assist Utilities Inc. in selecting the appropriate vendor to host the appropriate technology.

The specific scope across each of the aforementioned threads will be defined in the Scoping and Planning Document which will be developed as outlined in the project approach section of the implementation.

PROJECT APPROACH AND DELIVERABLES

We have outlined our approach and deliverables into two work streams:

- A. Implementation - Scoping & Planning Phase
- B. Enterprise Architecture Design and Selection

A. Implementation - Scoping & Planning:

We will use Deloitte Consulting's implementation methodology to support our implementation activities and provide overall program management support. This methodology consists of five phases. These phases, which have been customized for the Utilities, Inc. implementation, are described below. We have outlined an estimated timeline and key activities across each implementation thread, however based on decisions from the Scoping and Planning phase the approach and/or timing of implementation activities can vary across each application.

The following Phases represent the high level approach, key project activities and time line for implementation.

- Phase I: Scoping & Planning – Planning the implementation and developing the workplan for each thread. During this Phase we will finalize the timing, resources, budgets and specific scope across each thread.
- Phase II: Detailed Design – Defining system features, functionality to support the future state processes and Design, test and set up system functionality and processes. Data conversion programs and reports are defined and designed.
- Phase III: Build & Data Conversion – Build and test the required system features, functionality, data conversion and import/export routines. Convert, load and test historical activity.

- Phase IV: Test & Train – Undertake user acceptance testing of the system and train users on system and processes.
- Phase V: Roll-out and Support (“Cutover”) –. Set-up and design of production environment, conversion of historical data into production, and preparation for “go-live”.

The table below outlines the key activities and estimated timing and deliverables for each phase.

| | Scoping & Planning | Detailed Design | Build & Data Conversion | Test & Train | Roll-out & Support |
|------------------|---|---|--|---|---|
| Key Activities | <ul style="list-style-type: none"> • Kick-off project • Develop detailed plans for each thread • Define “in-scope” Processes & Modules • Scope of Historical Data Conversion & Validation • Interfaces & Imports • Training & Testing Approach including pre-build training • Develop Project Communication Plan • Coordinate with vendors and facilitate contract negotiations • Assist in selecting third party EAM application • Capacity Planning • Infrastructure Review, Design and Purchase | <ul style="list-style-type: none"> • Identify and resolve business and configuration decisions • Design “to-be” technical & data requirements • Develop conversion strategy • Develop security requirements • Develop configuration requirements • Develop integration requirements • Determine & establish technical environment (separate thread) • Develop test plan • Develop migration plan | <ul style="list-style-type: none"> • Configure systems • Build integrations • Build & Implement data conversion programs • Prepare testing scripts • Develop configuration documentation • Determine training requirements • Prepare end-user training material | <ul style="list-style-type: none"> • Undertake testing of: <ul style="list-style-type: none"> • functions • security • integrations • performance • Users to undertake User Acceptance Testing • Develop “go-live” plan • Roll-out end-user training • Perform Readiness Assessment | <ul style="list-style-type: none"> • “Go-live” / Implement new systems and processes • Cut-over data • Provide post-implementation support |
| Key Deliverables | <ul style="list-style-type: none"> • Scoping & Planning • Detailed Implementation Project Plan (including infrastructure) • Technical Design | <ul style="list-style-type: none"> • Functional Design • Report Specifications • Technical Specifications • Integration Specifications • Data Conversion Specifications | <ul style="list-style-type: none"> • System configuration • Integration configuration • Process documentation • End-user training material • Test scripts | <ul style="list-style-type: none"> • “Go-live” plan • Post implementation support strategy • Completed testing documentation • Readiness Assessment | <ul style="list-style-type: none"> • Live system with converted data • Documentation updates, as required • Systems implementation review |
| Est. Timing | 5-6 Weeks | TBD | TBD | TBD | TBD |

The timeline for Scoping & Planning though estimated is firm. The estimated timing from Detailed Design to Roll-out and Support will be confirmed and finalized after Scoping and Planning phase is complete.

In addition, during the project the Deloitte Consulting engagement team will provide Utilities, Inc. with updates on the project status, milestones and schedule.

B. Enterprise Architecture Design and Selection:

In conjunction with the scoping and planning phase for the selected applications, it is critical that Utilities Inc. purchase and implement an enterprise infrastructure to support the needs of the overall business. In order to assist Utilities Inc. with selecting the appropriate provider we have outlined a 10 week approach which will be conducted parallel to the scoping and planning phase. At the end of the 10 weeks we will provide Utilities Inc. with a technical design of their environment, detailed list of required equipment and detailed implementation plan for the technology solution implementation. Implementation of the enterprise architecture is outside of the scope of this engagement letter. We have outlined our approach in the table below:

| | Requirements Gathering | Detailed Design | Vendor Recommendation & Purchase | Create Implementation Schedule | Technology Implementation |
|------------------|--|---|---|--|--|
| Key Activities | <ul style="list-style-type: none"> Evaluate Utilities, Inc. (UI) SLO's Understand user SLA requirements Identify business needs Meet with key user groups for system function requirements Do current state IT analysis | <ul style="list-style-type: none"> Create enabling technology roadmap Develop configuration requirements Develop integration requirements Design technical environment Define datacenter location VoIP Network Considerations | <ul style="list-style-type: none"> Recommendations for target state infrastructure Select technology/manufactures / Providers Assist with pricing and purchasing of required technology products or services | <ul style="list-style-type: none"> Design implementation schedule to include major tasks: <ul style="list-style-type: none"> Conversion Strategy Test plan development & implementation Migration plan development & implementation Server install plan Software install plan | <ul style="list-style-type: none"> Configure systems Develop test plan Implement test scripts Develop and implement migration plan Prepare administrator & end-user training material Create as-built system documentation Create system management framework |
| Est. Timing | 2 weeks | 6 weeks | 1 week | 1 week | TBD |
| Key Deliverables | <ul style="list-style-type: none"> Design assumptions User requirement documentation Service Level Objectives required Service Level Agreements required | <ul style="list-style-type: none"> Functional Design Key Decision Documents Report Specifications Technical Design Integration Design | <ul style="list-style-type: none"> Vendor recommendation matrix Purchase orders for enabling technologies | <ul style="list-style-type: none"> Implementation Plan | <ul style="list-style-type: none"> Live system Documentation updates, as required Systems implementation review System support plan |

← Current Scope →

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Utilities, Inc. and Deloitte Consulting resources. We will expect a focused participation from a number of your key management and staff team members. Utilities, Inc. personnel will be supplemented by software vendor personnel with an appropriate level of oversight from the Deloitte Consulting team. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level. It is our understanding that Utilities, Inc. has identified Danny Delgado to work with the Deloitte project manager on this phase of the project.

The proposed Deloitte Consulting management team and associated individual responsibilities includes:

Larry Danielson will serve as the engagement principal, providing overall quality assurance and client management. He has over 23 years of relevant experience and is our Lead Consulting Partner at AIG. He has led projects like this at a broad range of clients including AIG. Specifically Larry has a strong understanding of the operations, systems and organizational structures of financial functions. He will also coordinate all the necessary Deloitte disciplines required for this engagement.

Rohit Malhotra will serve as the project leader for the Deloitte Consulting resources and be responsible for providing oversight to the Deloitte Consulting project team. He will serve as the day to-day-contact for the Utilities, Inc. management team. Rohit is a member of our Financial Management practice and has over 8 years of experience serving clients with financial processes reengineering and finance transformation, financial system selection and implementations, and internal controls evaluation and readiness projects.

Michael Sparrow will serve as the day-to-day project manager and be responsible for providing overall program management support to the Utilities Inc. project manager. He will serve as the day to-day-contact for the Utilities, Inc. management team. Michael is a member of our Financial Management practice.

Seth Seigel will serve as the IT infrastructure advisor. He is a Director in the Financial Services Technology practice and specializes in Architecture & Infrastructure consulting. For over the past decade, Seth has been working with senior executives to understand and plan out the adoption of new technology. Seth has worked with clients in the development of their automation and virtualization projects' in Investment Banking that was recognized by Waters magazine as the Wall Street Technology project of the year

Ron Pondiscio will serve as the IT infrastructure workstream manager and will lead the target state environment design and equipment provisioning efforts. Ron is a member of the Deloitte Consulting's TI Architecture and Infrastructure practice with 16 years of experience, including "hands on" experience in all aspects of systems life cycle methodology, including

systems architecture, IT transformation, ITIL process design, systems and network design, quality assurance, virtualization, implementation, consolidation and validation.

In addition to our team described above we expect to utilize approximately 4 consultants across both work streams and specialists from Deloitte Consulting to assist with the Scoping and Planning and the IT Infrastructure Analysis and Planning work streams. If additional full-time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based upon our knowledge of the organization and the work effort that has already been completed to date we expect the duration of Scoping and Planning phase to be approximately 5 – 7 weeks and Infrastructure Analysis phase to be approximately 10 weeks, subject to vendor availability. We have estimated our professional fees in support of consulting services based on the project scope and assumptions outlined in this engagement letter in the table below.

| Work Stream | Description | Estimated Fees |
|-------------|---|-----------------------|
| A | Implementation: Scoping & Planning Phase (only) | \$250,000 - \$285,000 |
| B | Infrastructure Analysis and Planning | \$265,000* |

* Fees adjusted to include additional work needed for network design and hosting vendor selection.

The estimated fees in the table above for Work Stream A only include fees related to Scoping & Planning phase of the project. Given that the subsequent phases for each of the applications will be independent decisions made during the Scoping & Planning phase we will confirm these after the Scoping and Planning phase. We will issue an addendum to this engagement letter with specific timing, resources and fees for implementation activities related to each thread of Work Stream A and B.

In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your authorization.

These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of Utilities, Inc. management and other personnel, as defined in this engagement letter. These estimates do not include any costs related to the software and sub-contractors. Based on our experience, issues sometimes arise that require

Mr. Larry Schumacher
October 25, 2006
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efforts beyond what was initially anticipated. If this should occur, we will discuss it with the Utilities, Inc. team and seek authorization prior to performing any additional work.

Our practice for invoicing is as follows:

- We will bill our actual fees for services rendered, on a bi-weekly basis
- Expenses will be billed as incurred, on a bi-weekly basis
- A reconciliation of fees will be prepared prior to the last invoice to ensure that all invoicing has been completed. Any adjustments will be made in the final invoice.
- Invoices are due and payable upon receipt

Reasonable direct business expenses (e.g., travel, telephone, fax, report preparation, etc.) are additional to our fees and will be charged at our cost. These expenses are typically 10% - 15% of our projected professional fees. If you require assistance with additional areas of focus, other activities not contemplated by this letter, or wish to extend the level of our assistance beyond the resources indicated, we would be happy to accommodate your request and will work with you to determine a mutually agreed upon scope and fee estimate. Deloitte Consulting may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are acceptable to Utilities, Inc. and Deloitte Consulting. In any event, no increase in the quoted fee rate will be made without your prior approval.

ASSUMPTIONS

The approach outlined above and the related timing and fees described below consider the following key assumptions:

1. All deliverables outlined in this engagement letter will be prepared under the direction of the Utilities, Inc. management team outlined above.
2. Utilities, Inc. senior and operating management and staff will be available for meetings and follow-up and committed as necessary to ensure timely completion and resolution of project tasks and issues. Senior management of Utilities, Inc. will also ensure that adequate communication is provided to the organization and those resources necessary are committed to the project timeline.
3. Utilities, Inc. will make available all existing policy and procedure documentation as well as any control documentation that have already been developed.
4. We will provide to the Utilities, Inc. management team our observations, conclusions and recommendations, however all decisions in connection with the selection and implementation shall be the responsibility of Utilities, Inc. Ownership of the final product rests with Utilities, Inc. management.
5. Timely reviews with the Utilities, Inc. team will be conducted to provide "real-time" feedback on the project status and documentation created.

Mr. Larry Schumacher
October 25, 2006
Page 9

6. The scope of work outlined in this letter does not include the system implementation phase, organizational restructuring or performance metric design.

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This Addendum is subject to the terms of Appendix A, the Master Services Agreement as documented in our engagement letter dated June 9, 2006.

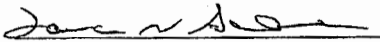
Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618 4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By: 
Name: Lawrence A. Danielson
Title: Principal
Date: September 28, 2006

By: 
Name: Larry Schumacher
Title: President
Date: 10/24/06



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January 10, 2007

Letter of Engagement – Addendum 3

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) Deloitte Consulting LLP (“Deloitte Consulting”) has been assisting UI with Enterprise Architecture Redesign and Scoping and Planning activities for SPL (Customer Information System) and JD Edwards (Financial) applications. The Scoping and Planning activities related to SPL and JD Edwards are now complete and UI would like our continued assistance with the remaining phases of the implementation and overall program management.

This letter will serve as an addendum (“Addendum 3”) to our engagement letter dated June 9, 2006, and outlines our scope, project approach and deliverables, project staffing, estimated timing and professional fees based on the following deliverables:

- I. Scoping & Planning Document
- II. Program Workplan
- III. Resource Plan

As we discussed, Deloitte & Touche LLP is being considered as AIG’s public auditor beginning January 2008. We have been asked to notify AIG’s Audit Committee of any project that extends into that timeframe and we have done so. In addition, we have been asked to specify whether the type for work we are doing could inhibit our independence. The project timeline outlined in this engagement letter shows that the financial system (JDE) is expected to go-live during Q3 2007, however there is a potential that the operational (SPL) system go-live may extend into Q1 2008. If the project is extended into 2008 we would not be independent because of our 2008 activities that would be related to work on your financial systems. With your support, we have agreed to ensure that this independence impairing situation does not occur, so we will jointly make an assessment at the end of each phase of the project and closely monitor our go-live dates. If we are selected as AIG’s public Auditor, Deloitte Consulting would transition all tasks to UI, or your designate, before the end of 2007.

Member firm of
Deloitte Touche Tohmatsu

PROJECT SCOPE

The specific objectives of this program are to implement the JD Edwards ("JDE") Enterprise One Financial System and SPL WorldGroup, Inc. ("SPL") Customer Information System. The detailed scope related to each of the applications are defined in the Scoping and Planning Document and the Project Workplan, both deliverables completed during the Scoping and Planning phase of the implementation project. We have outlined key categories of scope in this Addendum, for your reference.

I. Functional & Application Scope

This program involves many different processes across the finance, operations and customer/billing functions. The scope of the project will include the redesign of future state business processes defined during the earlier assessment phases. The functions in-scope are outlined below:

- Finance
 - i. General Ledger
 - ii. Accounts Payable
 - iii. Requisitioning
 - iv. Fixed Assets
 - v. Capital Projects
 - vi. Budgeting & Planning
 - vii. Human Resources (excluding Payroll)
 - viii. Financial Close & Reporting
 - ix. Repairs & Maintenance
- Customer Information System
 - i. Billing
 - ii. Accounts Receivable
 - iii. Customer Service
 - iv. Meter Reading
 - v. Reporting

II. Data Conversion Scope

Data conversion includes the cleansing and conversion of data required for the SPL and JDE applications. The implementation team from UI will determine the extent of cleansing required for their data. During conversion, records will be identified to be migrated, including current data, active data and any relevant inactive data. Conversion will also include collecting the relevant data elements of the records required for the new system. Deloitte Consulting will be responsible for the writing and executing the conversion programs, however data correction and cleansing will be the responsibility of UI resources.

The scope of data conversion includes:

| Application | Data Type | Conversion Type | Legacy System | Scope | Approximate Volume |
|-------------|---------------------------|-----------------|-----------------------|---|------------------------|
| JD Edwards | GL Transaction | Electronic | FMS Ideas | 6 years | 60,000 |
| | GL Balances History | Manual | FMS Ideas | N/A | Not available |
| | Vendor Master files | Electronic | FMS Ideas | Cleansed Vendor List | 8,500 |
| | Employee Records | Manual | ADP | Cleansed Employee List | 500 |
| | Fixed Assets ¹ | Manual | MS Excel | Cleansed Fixed Asset List | Not available |
| | Projects | Electronic | FileMaker Database | Closed Projects - 2 years All Non-Closed ² Projects | 2,000 ³ |
| | Chart of Accounts | Electronic | FMS Ideas | Cleansed COA | Not available |
| | Purchase Orders | Manual | MS Excel | Open Purchase Orders | 20,000 ⁴ |
| SPL | Customer files | Electronic | Custom Billing System | Cleansed Customer List | 180,000 |
| | Billing History | Electronic | Custom Billing System | 3 year | 5,700,000 ⁵ |
| | Companies / Sub-divisions | Electronic | Custom Billing System | Current Master List | 89 co. / 577 subs |
| | Premises | Electronic | Custom Billing System | Current Master List | Not available |
| | Developer Agreements | Manual | None | Available agreements only | Not available |

1 - Fixed assets records converted into JDE will be mirrored to the client's current fixed asset registers.
 2 - Non-Closed project refers to those projects that are in different stages of their life cycle
 3 - Number of open projects (500) * 4
 4 - Number of purchase orders per year (100,000) / 5
 5 - Number of bills per year (1.9 million) * 3 years

III. Technical Design and Interface Scope

The technology and interface scope design will include the application and data architecture for the JDE and SPL systems. The interfaces in-scope include:

- SPL's CC&B > JDE's GL: Accounts Receivable and Billing journal entries
- SPL's CC&B > JDE's AP: Refunds
- SPL's CC&B > JDE's EAM: Service Orders (open/updated)
- JDE's EAM > SPL's CC&B: Service Orders (closed/updated)
- JDE's HR > ADP (this may just involve a file extraction)
- Electronic Bank files > JDE (this may be a download/upload)
- Electronic Bank files > SPL (this may be a download/upload)

The scope of interfaces outlined above is preliminary and these may change based on decisions made during the Design phase. The scope of interfaces defined above will be performed in batch. No real-time interfaces have been planned.

PROJECT APPROACH AND DELIVERABLES

Consistent with earlier phases of the project we are applying Deloitte Consulting System Development Life Cycle methodology. Our approach is based upon Deloitte Consulting providing consultation on the development and implementation of these packages, with UI

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being the ultimate decision maker and owner. This methodology consists of five phases, of which Phase 1 – Scoping & Planning has been completed. The remaining four phases, which have been customized and updated with key activities and deliverables for UI based upon decisions from the Scoping and Planning phase, are described in this section. Please refer to the Scoping and Planning document and Project Workplan for detailed activities, deliverables, timelines, dependencies, assumptions and to the Resource Plan for project team structure, resource loading, roles and responsibilities.

Deloitte Consulting will be the overall integrator for the SPL and JDE implementations. Specifically, Deloitte Consulting will assist with the implementation of the JDE application and SPL will assist with the implementation of the SPL application. The overall Program will involve several projects, including:

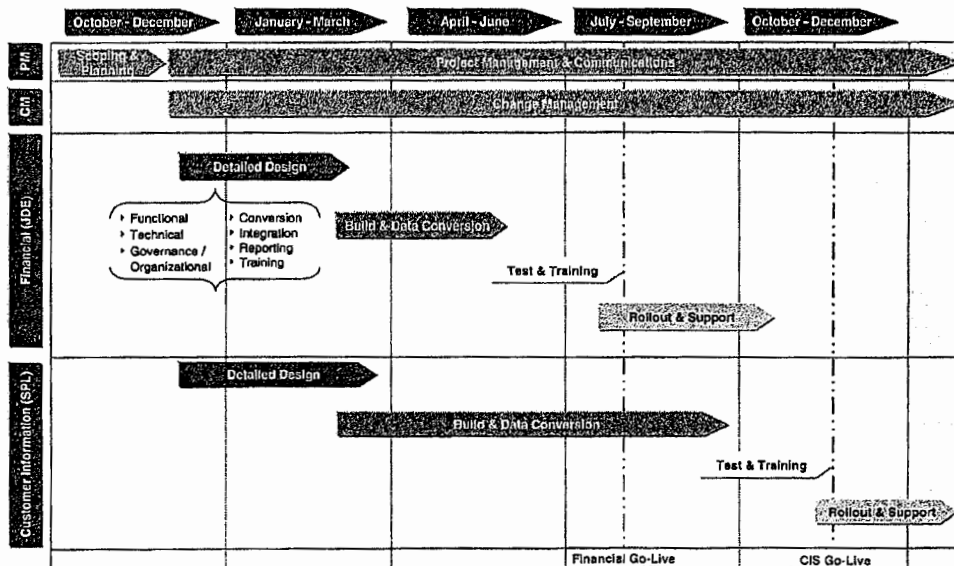
Primary Projects

- Finance System Implementation - JDE
- Customer Information System Implementation - SPL

Support Projects

- Program Management Office
- Change Management Support

In addition to the JDE and SPL implementation projects, the program will provide the Program Management and Change Management support, as defined below. These support activities will run through the whole program. The technology activities outlined in the scope section are included in each of the phases of the JDE and SPL projects. The diagram below outlines the stages of the program and its estimated timelines. A contingency has not been built into these timelines but will be mitigated by reviewing and adjusting timelines and resourcing at the end of each phase.



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Project Management

Deloitte Consulting has developed a complete program / project management environment that includes a single, adaptable Project Management method and tool set. The program management team will be responsible for the following activities:

- Helping the project members develop approaches for effectively managing the program and projects
- Providing a common language for all team members working together on an engagement
- Helping this program meet UI's needs and expectations
- Providing tools and training to maximize program results
- Mitigating risk exposure
- Managing program scope
- Enhancing relationships among all parties involved in the program and projects

Change Management

The Project Management team is responsible for managing the impact of the program and projects on UI and its staff. In order to successfully complete the projects; the following activities will be performed:

- Communications
 - Overall communication plan
 - Site presentations
 - Project phase kickoffs
- Organization Structure
 - This involves the roles and responsibilities impact by the implementations of the modules and how it will impact the individuals activities
 - It involves the developing and executing the strategies to address the impact to the organization
 - Execute organization and workforce transition plans to enable smooth transition
- Training Approach
 - UI will be responsible for the creation of end-user training materials and for conducting the actual training. Deloitte Consulting will provide guidance on the training strategy and assist with the development of end-user training documentation. Deloitte Consulting will provide assistance in training the UI trainers.

The activities and deliverables for both SPL and JDE implementation projects will be similar, however the timing may be different as outlined in the table below.

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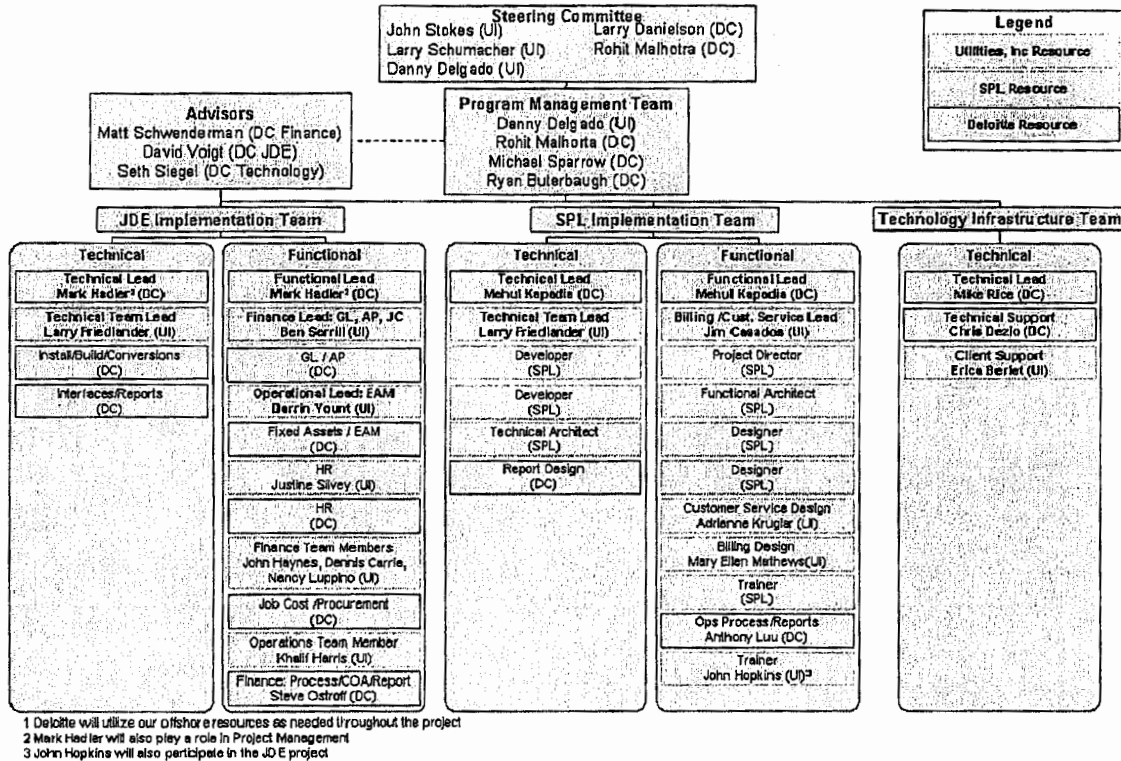
| | Detailed Design | Build & Data Conversion | Test & Train | Roll-out & Support |
|------------------|--|---|---|---|
| Key Activities | <ul style="list-style-type: none"> › Identify business and configuration decisions › Design "to-be" process, technical & data requirements › Outline financial and operational transformation strategy › Develop & finalize data conversion strategy › Develop security and configuration requirements › Develop and finalize integration requirements › Determine & establish technical environment (separate thread) › Develop test plan › Develop migration plan | <ul style="list-style-type: none"> › Configure systems › Build integrations › Build & implement data conversion programs › Execute financial and operational transformation strategy › Prepare testing scripts › Develop configuration documentation › Determine training requirements › Prepare end-user training material | <ul style="list-style-type: none"> › Undertake testing of: <ul style="list-style-type: none"> › functions › security › integrations › performance › Users to undertake User Acceptance Testing › Develop "go-live" plan › Roll-out end-user training › Perform Readiness Assessment | <ul style="list-style-type: none"> › "Go-live" / Implement new systems and processes › Cut-over data › Provide post-implementation support |
| Key Deliverables | <ul style="list-style-type: none"> › Functional Design › Report Specifications › Technical Specifications › Integration Specifications › Data Conversion Specifications | <ul style="list-style-type: none"> › System configuration › Integration configuration › Process documentation › End-user training material › Test scripts | <ul style="list-style-type: none"> › "Go-live" plan › Post implementation support strategy › Completed testing documentation › Readiness Assessment | <ul style="list-style-type: none"> › Live system with converted data › Documentation updates, as required › Systems implementation review |

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of UI, Deloitte Consulting and SPL resources. We will expect a focused participation from a number of your key management and staff team members. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level. It is our understanding that UI has identified Danny Delgado in part-time capacity to work with the Deloitte Consulting project manager for the execution of this program.

Please refer to the detailed Resource Plan from the Scoping and Planning phase which includes resource requirements, resource loading, roles and responsibilities for UI, Deloitte Consulting, SPL and other companies. Deloitte Consulting will continue to use the existing management team which includes, Larry Danielson, Rohit Malhotra and Michael Sparrow.

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Program Management Office: The day-to-day program management team will be composed of a program manager from UI and a program manager from Deloitte Consulting. Beyond the day-to-day team, we envision creating a Steering Committee that will be responsible for overall program direction and advisors with specific knowledge of the functions and systems to be implemented.

JDE Team: Deloitte Consulting resources from our Oracle's JDE practice will perform the financial and operational functionality. We envision a functional lead that will be responsible for the overall JDE implementation. This manager will split time between the JDE and SPL implementation. The rest of the team will be composed of resources with specific knowledge of UI's processes (finance, operations, and human resources) and the functional and technical aspects of the system.

SPL Team: SPL consultants will implement the billing and customer service functionality. UI will have a separate consulting contract with SPL to provide implementation services, however SPL resources will report to UI through the Program Management Office (led by Deloitte Consulting) established for the overall program.

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Mr. Larry Schumacher
January 10, 2007
Page 8

If additional full-time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based upon our knowledge of the organization and the work effort that has already been completed to date we have estimated our professional fees to be in the range of approximately \$6.5M - \$7.5M. In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your authorization. If we are selected as AIG's Auditor we anticipate that professional fees will be less than planned. We will only bill for actual time incurred.

These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of UI management and other personnel, as defined in this engagement letter. These estimates are only for Deloitte Consulting professionals defined in this engagement letter. Any costs related to the software, hardware and other contractors are not included. Based on our experience, issues sometimes arise that require efforts beyond what was initially anticipated. If this should occur, we will discuss it with the UI team and seek authorization prior to performing any additional work.

Our practice for invoicing is as follows:

- > We will bill our actual fees for services rendered, on a bi-weekly basis
- > Expenses will be billed as incurred, on a bi-weekly basis
- > A reconciliation of fees will be prepared prior to the last invoice to ensure that all invoicing has been completed. Any adjustments will be made in the final invoice.
- > Invoices are due and payable upon receipt

Reasonable direct business expenses (e.g., travel, telephone, fax, report preparation, etc.) are additional to our fees and will be charged at our cost. These expenses are typically 10% - 15% of our projected professional fees. If you require assistance with additional areas of focus, other activities not contemplated by this letter, or wish to extend the level of our assistance beyond the resources indicated, we would be happy to accommodate your request and will work with you to determine a mutually agreed upon scope and fee estimate. Deloitte Consulting may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are acceptable to UI and Deloitte Consulting.

ASSUMPTIONS

The approach outlined above and the related timing and fees described below consider the following key assumptions:

- The negotiation of contracts with JDE, SPL and other vendors for software purchase and implementation services will be completed within two weeks of signing of this letter
- The scope will be limited to scope presented in this document. Changes to this scope will require the approval of UI senior management and Deloitte Consulting
- There will be one design, development and testing effort for each system, in which representatives of different sites and functions will work together in parallel to meet the needs of both teams
- No customizations or modifications will be made to the SPL and JD Edwards systems
- The "to-be" future processes were agreed during phase I, however, any changes deemed necessary during this second phase will be presented and agreed upon with UI
- Consistent UI and external resources will be available from the start of the project for the entire duration of the program as outlined in the Program Resource Plan. If they are not, we will agree with UI on the appropriate next steps and any additional fees incurred
- Other UI projects will not take precedence over the UI implementation in terms of resources, budgets or priorities
- A contingency has not been built into these timelines. Timelines and resourcing requirements will be reconfirmed at the end of each phase of each project for the following phase
- The implementation of a Business Intelligence System and Environmental System are not addressed in this document. They are considered separate projects that will be considered in the future
- The successful implementation of JDE and SPL is dependent on a number of internal and external factors. These dependencies are outlined in the Scoping & Planning document
- Implementation services for Enterprise Network is not addressed in this letter and is addressed in a separate addendum
- During Detailed Design the requirement for a 3rd party Form software package will be considered. If one is required we will modify our workplans and costs once UI approves of the changes
- When developing interfaces with 3rd parties (eg financial institutions, vendors, customers), UI will be responsible for the interface map development, coordination and testing

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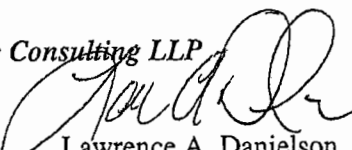
Mr. Larry Schumacher
January 10, 2007
Page 10

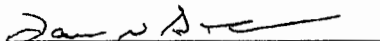
- No integration tool will be used. It is currently contemplated that direct interfaces will be developed. If this approach is required, we will modify our workplans and costs once UI approves of the changes
- Deloitte Consulting will assist with the implementation of the JDE application. All other sizing, installation and configuration will be the responsibility of UI and/or 3rd parties
- UI will be responsible for the ongoing systems administration after initial set-up
- UI is not subject to Sarbanes-Oxley Act and that UI will be responsible for the level of controls in their processes

This Addendum is subject to the General Business Terms attached as Appendix A to our engagement letter dated June 9, 2006. Finalization of this engagement letter is subject to final AIG – Deloitte Consulting independence review.

Deloitte Consulting understands that this initiative is a priority for UI and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP
By: 
Name: Lawrence A. Danielson
Title: Principal
Date: January 10, 2007

Utilities, Inc.
By: 
Name: Larry Schumacher
Title: President
Date: 1/17/07



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December 12, 2006

Letter of Engagement – Addendum 4

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. Deloitte Consulting LLP (“Deloitte Consulting”) has been asked by Utilities, Inc. to assist in developing your FY07 budget. The following engagement letter outlines the proposed approach, mutually agreed with Utilities, Inc. management team over the past week. Our services specifically include assisting you with organizing and compiling Utilities, Inc.’s operating and capital expenditure budgets.

This letter will serve as an addendum (“Addendum 4”) to our engagement letter dated June 9, 2006, and is organized into the following sections:

- I. Our Understanding of Your Objectives
- II. Project Scope
- III. Project Approach and Deliverables
- IV. Project Staffing
- V. Professional Fees and Project Assumptions

OUR UNDERSTANDING OF YOUR OBJECTIVES

We understand that your overall objective is to develop a sustainable framework for Utilities Inc.’s operational and capital budgets for the fiscal year 2007. We understand that in order for you to achieve this objective there are near-term and long-term requirements. The scope and approach outlined in this letter address your near-term requirement only. Your specific objectives to satisfy your near-term needs include:

- Develop an MS Excel framework based on existing spreadsheets for your operating and capital budget
- Using this framework produce the consolidated FY07 budget

Member of

Mr. Larry Schumacher
December 11, 2006
Page 2

The longer term imperative includes development of an improved capital budget tool and improved budgeting processes. We understand that the completion of short-term objectives needs to be accelerated in order to meet various key deadlines. Additionally there is a requirement to produce a consolidated budget for the senior management review as soon as possible. Given the short time required to produce the consolidated budget, we will utilize the existing spreadsheets prepared by Utilities Inc. personnel to develop the initial framework. The coordination with regional teams and validation of data for the framework will be a responsibility of Utilities Inc. senior management. We will not be responsible for earlier efforts to develop the budget framework and/or data developed by Utilities Inc. personnel.

Please note that the time necessary to achieve these objectives is largely dependent on: identification and filling of the gaps from the current budgets; on the availability and responsiveness of key stakeholders in providing data and information; and on gaining access to the existing MS Excel based framework supporting the budget process.

PROJECT SCOPE

Based on our understanding of your objectives the budgeting project will be broken into two distinct phases to meet your short-term (Phase I) and long-term needs (Phase II). The scope of this engagement letter does not cover Phase II as outlined below. The first phase will cover the finalization and/or development of the FY07 operational and capital expenditure budgets. The second phase will address the development of a production solution and processes.

The scope of services to assist Utilities Inc. to achieve the short-term objectives is outlined below:

Phase 1: FY07 Operational and Capital Expenditure Budgets

1. Review of existing operational and capital expenditure MS Excel budget files to assess gaps in the frameworks. We will specifically review for overwritten cells, errors in formulas, consistency across sheets and missing of source data files. Given the volume of spreadsheets, we will base this review on sample companies and the consolidation spreadsheets.
2. Based on our review of the existing spreadsheets we will assist Utilities Inc. to assess the data gaps and provide the list of missing data elements. Utilities Inc. will make the determination whether the missing data elements are required for the FY07 budget. If required, the collection of the data will be the responsibility of Utilities, Inc. Utilities, Inc. will be responsible for ensuring that the data in the budget is up-to-date.
3. Modification and finalization of the operational budgets in order to produce operational budgets by State, by Region and at the consolidated level. It may be necessary to also modify and link company level operational budgets into the final budgets.
4. Development of the capital expenditure budget. This would include the following sections:

- a. Actual Results: Monthly input sheets for actual project expenditure, capital time, other asset expenditure (e.g., Transport, IT, & Property, Plant & Equipment (i.e. GL)
 - b. Initial Budget: Quarterly budgets by project by company for all new projects for a year
 - c. Depreciation: Depreciation by quarter on the assumption that depreciation will commence in the quarter after completion
 - d. Approved Budget Changes: History of approved changes to budgets
 - e. Approved Budget: The most recently approved budget
 - f. Actual v Approved Budget & Actual v Initially Approved Budget: These include variance calculations and forecast information
 - g. Summary Page: Using existing sheet within current budgets where possible
 - h. Variance Explanation: A basic attempt will made to develop this requirement. The requirements discussed to date may not be able to be created within MS Excel
 - i. Rate Plan: A place holder will be provided for this sheet within the budgets, however this is otherwise out of scope
5. Preparation of the Draft "FY07 Budget Book" to support the review of the senior management. The "FY07 Budget Book" will include:
- a. Budget 2007 highlights at 12/31 relative to revenues, net income, debt, employees, and salary, including comparison with 2006 (estimate) and 2005
 - b. Budget consolidated income statement and balance sheet at 12/31/2007, including comparison with previous years (ie 2006 estimate and 2005 year-end)
 - c. Operating expenses and capital expenditure by region and state, including comparison with previous years (ie 2006 estimate and 2005 year-end) at the subtotal level as detailed in current templates
 - d. Staff levels at a consolidated level, by region and state, including monthly level for the 2007 budget

Please note that the validation of budget data and inputs (e.g. correctness of data provided) or preparation of financial statements in compliance with GAAP principles are not in the scope of this project and these will be the responsibility of Utilities, Inc.

Mr. Larry Schumacher
December 11, 2006
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Phase 2: Production Ready Solution (Note this is not in scope of services outlined in this engagement letter)

At the completion of Phase 1, we will review our findings with you. Based on our findings we can conduct an assessment of the effort required to develop a sustainable production ready solution for Utilities Inc.'s budgeting process.

PROJECT APPROACH AND DELIVERABLES

Phase 1: 2007 Operational and Capital Expenditure Budgets

The approach and key deliverables of Phase 1 will be undertaken in three steps:

- A. Review Existing Budget Framework
- B. Address Gaps and Finalize Framework
- C. Finalize Budget Framework

Due to the time sensitive need to produce the FY07 budgets it is expected that activities may not be performed sequentially and, as a consequence, may overlap.

A. Review Existing Budget Framework

During the review of the existing budget framework we will assist Utilities, Inc. with the following key activities:

- Determine high-level requirements for the framework
- Review the existing budget framework and identify gaps.
- Identify missing data elements
- Determine the activities and level of effort to fill these gaps

Key deliverables for this stage include:

- List of functional gaps and associated "corrective" activities
- List of missing data
- Draft Budget Framework

B. Address Gaps and Finalize Framework

During this step we will assist Utilities Inc. with the following key activities:

- Assist Utilities Inc. in performing activities to bridge the gaps identified for the budget framework
- Update the budget framework with corrections related to overwritten cells, formula errors and consistency across sheets
- Review the budget framework with Utilities Inc. management team

Key deliverables for this stage include:

- 2007 Operational Budget
- 2007 Capital Expenditure Budget

C. Finalize Budget Framework

During this step we will assist in finalizing the operational and capital expenditure budgets with the Utilities Inc. management team for fiscal year 2007 and in preparing the "FY07 Budget Book". The key deliverable for this stage is the "FY 07 Budget Book".

In addition, during the project the Deloitte Consulting engagement team will provide Utilities, Inc. with updates on the project status, milestones and schedule.

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Utilities, Inc. and Deloitte Consulting resources. We will expect a focused participation from a number of Utilities, Inc.'s key management and staff team members. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level. It is our understanding that Utilities, Inc. has identified Danny Delgado to work with the Deloitte project manager on this budgeting project.

The proposed Deloitte Consulting management team and associated individual responsibilities includes Larry Danielson, Rohit Malhotra and Michael Sparrow who Utilities, Inc. have previously worked with.

In addition to our team described above we expect to utilize approximately 2 consultants. If additional full-time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based upon our knowledge of the organization and the work effort that has already been completed to date we expect the duration of Phase 1 of the budgeting project to be approximately 3 – 4 weeks. We have estimated our professional fees in support of consulting services based on the project scope and assumptions outlined in this engagement letter in the table below.

| Phase | Description | Estimated Fees |
|-------|--------------------------------------|----------------------|
| 1 | 2007 Operational and Capital Budgets | \$80,000 - \$120,000 |
| 2 | Production Ready Solution | TBD |

Given that the subsequent phase will be independent decisions made during Phase 1 we will determine the estimated fees dependent upon the scope of work required for Phase 2. We will

Mr. Larry Schumacher
December 11, 2006
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issue an addendum to this engagement letter with specific timing, resources and fees for implementation activities related to each thread of Phase 2.

In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your authorization.

These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of Utilities, Inc. management and other personnel, as defined in this letter. Based on our experience, issues sometimes arise that require efforts beyond what was initially anticipated. If this should occur, we will discuss it with the Utilities, Inc. team and seek authorization prior to performing any additional work.

Our practice for invoicing is as follows:

- We will bill our actual fees for services rendered, on a bi-weekly basis
- Expenses will be billed as incurred, on a bi-weekly basis
- A reconciliation of fees will be prepared prior to the last invoice to ensure that all invoicing has been completed. Any adjustments will be made in the final invoice.
- Invoices are due and payable upon receipt

Reasonable direct business expenses (e.g., travel, telephone, fax, report preparation, etc.) are additional to our fees and will be charged at our cost. These expenses are typically 10% - 15% of our projected professional fees. If you require assistance with additional areas of focus, other activities not contemplated by this letter, or wish to extend the level of our assistance beyond the resources indicated, we would be happy to accommodate your request and will work with you to determine a mutually agreed upon scope and fee estimate. Deloitte Consulting may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are acceptable to Utilities, Inc. and Deloitte Consulting. In any event, no increase in the quoted fee rate will be made without your prior approval.

ASSUMPTIONS

The approach outlined above and the related timing and fees described below consider the following key assumptions:

1. Utilities, Inc. will be responsible for:
 - a. Providing all data for the operational and capital budgets, including cost drivers and assumptions
 - b. Rate Case MS Excel sheet (Note: Deloitte Consulting will include the sheet within the Capital Budget but will not work on the sheet)

- c. Managing the budget review process, the Utilities, Inc. budget development timelines and budget iterations
 - d. Analysis of the budgets to ensure reasonableness of budget numbers to cost drivers (eg salaries to staff level; depreciation to asset base; interest expense to debt). Utilities, Inc. will be responsible for ensuring the assumptions and cost drivers used are correct.
 - e. Validation of budget inputs (eg correctness of data provided) or preparation of financial statements in compliance with GAAP are not in the scope of this project.
2. All deliverables outlined in this engagement letter will be prepared under the direction of the Utilities, Inc. management team outlined above.
3. Utilities, Inc. senior and operating management and staff will be available for meetings and follow-up and committed as necessary to ensure timely completion and resolution of project tasks and issues. Senior management of Utilities, Inc. will also ensure that adequate communication is provided to the organization and those resources necessary are committed to the project timeline.
4. Utilities, Inc. will make available all existing policy and procedure documentation as well as any control documentation that have already been developed.
5. We will provide to the Utilities, Inc. management team our observations, conclusions and recommendations, however all decisions in connection with the selection and implementation shall be the responsibility of Utilities, Inc. Ownership of the final product rests with Utilities, Inc. management.
6. Timely reviews with the Utilities, Inc. team will be conducted to provide "real-time" feedback on the project status and documentation created.
7. The scope of work outlined in this letter does not include the system implementation phase, organizational restructuring or performance metric design.
8. The timing for Phase 2 will only be determined after the completion of Phase 1 and the scope of work for Phase 2 is confirmed.

Mr. Larry Schumacher
December 11, 2006
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This Addendum is subject to the terms of Appendix A, the Master Services Agreement as documented in our engagement letter dated June 9, 2006.

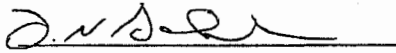
Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618 4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By: 
Name: Lawrence A. Danielson
Title: Principal
Date: December 11, 2006

By: 
Name: Larry Schumacher
Title: President
Date: 12/19/06



Deloitte Consulting LLP
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January 9, 2007

Letter of Engagement – Addendum 5

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. As previously detailed in the engagement letter dated October 25, 2006, Deloitte Consulting LLP (“Deloitte Consulting”) was instructed to assist with the enterprise architecture design, data center hosting RFP and network service provider vendor selection for Utilities, Inc. and these activities are now complete. As a result of the successful conclusion of these activities we understand that Utilities, Inc. would like to move forward with the enterprise architecture implementation phases of the project and would like our assistance in managing the architecture installation.

This document will serve as an addendum to our original engagement letter dated June 9, 2006 and outlines our scope, project approach and deliverables, project staffing, estimated timing and professional fees based on the following deliverables from enterprise architecture design project:

- I. Enterprise Architecture Design Document
- II. Architecture Implementation Workplan

PROJECT SCOPE

The specific objective of this project is to assist Utilities Inc. with the enterprise architecture implementation. The detailed scope related to the enterprise architecture and networks are defined in the Enterprise Architecture Design Document, a deliverable completed during the Scoping and Planning phase of the implementation project. We have outlined key categories of scope in this Addendum, for your reference.

- a. Technology Procurement Assistance:
 - Network Hardware
 - Network Support Services
 - JDE and SPL Server Hardware
 - Back Office Computing Hardware

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January 9, 2007

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- Operations Support Services
- b. Installation and Configuration Management
- Detailed Implementation Workplan
 - Installation Vendor Management
 - System Migration Planning for IPsoft hosted systems
 - Coordinate Application and Hardware Vendor Communications
 - Project Manage the Implementation
- c. During the contract negotiations for both the data center hosting vendor and network service provider, Deloitte Consulting LLP will provide advisory services related to functional terms, vendor relationship and technology logistics. However, Deloitte Consulting LLP will not provide legal counsel on the contracts.
- d. Enterprise architecture installation verification: Deloitte Consulting LLP will assist Utilities, Inc. personnel in verifying and validating that the target state enterprise computing environment meets previously defined architecture standards as outlined in the Utilities, Inc. Enterprise Architecture Design document version 1.1

PROJECT APPROACH AND DELIVERABLES

The overall program approach consists of five phases, Scoping & Planning, Detailed Design, Build & Conversion, Test & Train and Roll out & Support. The timing of the enterprise architecture implementation project will be conducted during the Detailed Design phase of the overall program. Please refer to the Enterprise Architecture Design Document and Architecture Implementation Workplan for detailed activities, deliverables, timelines, dependencies and assumptions for the enterprise architecture implementation project.

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The table below outlines the key activities and estimated timing and deliverables for each phase.

| | Scoping & Planning | Detailed Design | Build & Data Conversion | Test & Train | Roll-out & Support |
|------------------|--|---|--|---|---|
| Key Activities | <ul style="list-style-type: none"> Kick-off project Develop detailed plans for each thread Define "in-scope" Processes & Modules Scope of Historical Data Conversion & Validation Interfaces & Imports Training & Testing Approach including pre-build training Develop Project Communication Plan Coordinate with vendors and facilitate contract negotiations Assist in selecting third party environmental software Capacity Planning Infrastructure Review, Design and Purchase | <ul style="list-style-type: none"> Identify and resolve business and configuration decisions Design "to-be" technical & data requirements Develop conversion strategy Develop security requirements Develop configuration requirements Develop Integration requirements Determine & establish technical environment (separate thread) Develop test plan Develop migration plan | <ul style="list-style-type: none"> Configure systems Build Integrations Build & Implement data conversion programs Prepare testing scripts Develop configuration documentation Determine training requirements Prepare end-user training material | <ul style="list-style-type: none"> Undertake testing of: <ul style="list-style-type: none"> functions security integrations performance Users to undertake User Acceptance Testing Develop "go-live" plan Roll-out end-user training Perform Readiness Assessment | <ul style="list-style-type: none"> "Go-live" / Implement new systems and processes Cut-over data Provide post-implementation support |
| Key Deliverables | <ul style="list-style-type: none"> Scoping & Planning Detailed Implementation Project Plan (including Infrastructure) Technical Design | <ul style="list-style-type: none"> Functional Design Report Specifications Technical Specifications Integration Specifications Data Conversion Specifications | <ul style="list-style-type: none"> System configuration Integration configuration Process documentation End-user training material Test scripts | <ul style="list-style-type: none"> "Go-live" plan Post implementation support strategy Completed testing documentation Readiness Assessment | <ul style="list-style-type: none"> Live system with converted data Documentation updates, as required Systems Implementation review |
| Est. Timing | 5-6 Weeks - Current Scope | TBD | TBD | TBD | TBD |

| | Plan and Analyze | Design | Build | Deliver | Operate |
|---------------------|--|--|---|--------------------------------|---|
| Methodology Modules | Assess Technical Infrastructure | Design Technical Architecture | Build Technical Environments | Deliver Technical Environments | |
| | Define Technical Infrastructure Requirements | Design Technical Security Infrastructure | Build, Install, and Configure Technical Security Infrastructure | | |
| | Define Conceptual Architecture | Develop Technical Infrastructure Test Plan | Define Technical Security Policies and Procedures | | Auditing, Monitoring, and Feedback Measures |
| | | | Test Technical Infrastructure | | |
| | | | Test Technical Security Infrastructure | | |

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January 9, 2007

Page 4

The estimated timing from Detailed Design will be confirmed and finalized after vendors are contacted and project plan is developed. In addition, during the project the Deloitte Consulting engagement team will provide Utilities, Inc. with updates on the project status, milestones and schedule as a part of the overall program status meetings.

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Utilities, Inc. and Deloitte Consulting resources. We will expect a focused participation from a number of your key management and staff team members. Utilities, Inc. personnel will be supplemented by software and hardware vendor personnel with an appropriate level of oversight from the Deloitte Consulting team. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level. It is our understanding that Utilities, Inc. has identified Danny Delgado to work with the Deloitte project manager on this phase of the project.

The proposed Deloitte Consulting management team and associated individual responsibilities includes:

Larry Danielson will serve as the engagement principal, providing overall quality assurance and client management. He has over 23 years of relevant experience and is our Lead Consulting Partner at AIG. He has led projects like this at a broad range of clients including AIG. Specifically Larry has a strong understanding of the operations, systems and organizational structures of financial functions. He will also coordinate all the necessary Deloitte disciplines required for this engagement.

Rohit Malhotra will serve as the project leader for the Deloitte Consulting resources and be responsible for providing oversight to the Deloitte Consulting project team. He will serve as the day to-day-contact for the Utilities, Inc. management team. Rohit is a member of our Financial Management practice and has over 8 years of experience serving clients with financial processes reengineering and finance transformation, financial system selection and implementations, and internal controls evaluation and readiness projects.

Michael Sparrow will serve as the day-to-day project manager and be responsible for providing overall program management support to the Utilities Inc. project manager. He will serve as the day to-day-contact for the Utilities, Inc. management team. Michael is a member of our Financial Management practice.

Seth Siegel will serve as the IT infrastructure advisor. He is a Director in the Financial Services Technology practice and specializes in Architecture & Infrastructure consulting. For over the past decade, Seth has been working with senior executives to understand and plan out the adoption of new technology. Seth has worked with clients in the development of their automation and virtualization projects' in Investment Banking that was recognized by Waters magazine as the Wall Street Technology project of the year

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In addition to our team described above we expect to utilize approximately 1 -2 consultants for this work stream of the project from Deloitte Consulting to assist with the Enterprise Architecture Implementation project. If additional full-time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based upon our knowledge of the organization and the work effort that has already been completed to date we expect the duration of Detail Design Enterprise Architecture Implementation to be approximately 12 – 13 weeks, subject to vendor availability. We have estimated our professional fees in support of consulting services based on the project scope and assumptions outlined in this engagement letter in the table below.

| Description | Estimated Fees |
|--|---------------------|
| Enterprise Architecture Implementation Project | \$315,000-\$380,000 |

In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your authorization.

These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of Utilities, Inc. management and other personnel, as defined in this engagement letter. These estimates do not include any costs related to the software and sub-contractors. Based on our experience, issues sometimes arise that require efforts beyond what was initially anticipated. If this should occur, we will discuss it with the Utilities, Inc. team and seek authorization prior to performing any additional work.

Our practice for invoicing is as follows:

- › We will bill our actual fees for services rendered, on a bi-weekly basis
- › Expenses will be billed as incurred, on a bi-weekly basis
- › A reconciliation of fees will be prepared prior to the last invoice to ensure that all invoicing has been completed. Any adjustments will be made in the final invoice.
- › Invoices are due and payable upon receipt

Reasonable direct business expenses (e.g., travel, telephone, fax, report preparation, etc.) are additional to our fees and will be charged at our cost. These expenses are typically 10% - 15% of our projected professional fees. If you require assistance with additional areas of focus, other activities not contemplated by this letter, or wish to extend the level of our assistance beyond the resources indicated, we would be happy to accommodate your request and will work with you to determine a mutually agreed upon scope and fee estimate. Deloitte

md

January 9, 2007

Page 6

Consulting may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are acceptable to Utilities, Inc. and Deloitte Consulting. In any event, no increase in the quoted fee rate will be made without your prior approval.

ASSUMPTIONS

The approach outlined above and the related timing and fees described below consider the following key assumptions:

1. All deliverables outlined in this engagement letter will be prepared under the direction of the Utilities, Inc. management team outlined above.
2. Utilities, Inc. senior and operating management and staff will be available for meetings and follow-up and committed as necessary to ensure timely completion and resolution of project tasks and issues. Senior management of Utilities, Inc. will also ensure that adequate communication is provided to the organization and those resources necessary are committed to the project timeline.
3. Utilities, Inc. will make available all existing policy and procedure documentation as well as any control documentation that have already been developed.
4. We will provide to the Utilities, Inc. management team our observations, conclusions and recommendations, however all decisions in connection with the selection and implementation shall be the responsibility of Utilities, Inc. Ownership of the final product rests with Utilities, Inc. management.
5. Timely reviews with the Utilities, Inc. team will be conducted to provide "real-time" feedback on the project status and documentation created.
6. The scope of work outlined in this letter does not include the organizational restructuring or performance metric design.

* * * * *

January 9, 2007
Page 7

This Addendum is subject to the terms of Appendix A, the Master Services Agreement as documented in our engagement letter dated June 9, 2006.

Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618 4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By:



Name: Lawrence A. Danielson
Title: Principal
Date: January 9, 2007

By:



Name: Larry Schumacher
Title: President
Date: 1/11/07



Deloitte Consulting LLP
One Prospect Street
Summit, NJ 07901
USA

Tel: 908-673-5600
Fax: 908-673-5201
www.deloitte.com

April 25, 2007

Letter of Engagement – Addendum 6

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) Deloitte Consulting LLP (“Deloitte Consulting”) has been assisting Utilities Inc. with the implementation of SPL (Customer Information System) and JD Edwards (Financial) applications. During the Detail Design Phase of the JD Edwards implementation work stream, the Core Team identified an opportunity to enhance the Procure to Pay business process by reducing the potential for operational errors in field when “coding” purchase orders in the system. The implementation of the Inventory Module within JD Edwards is required to apply this enhancement.. As a result of the Steering Committee meeting on April 10, 2007, UI has asked Deloitte Consulting to perform the implementation of this module.

This letter will serve as an addendum (“Addendum 6”) to our engagement letter dated June 9, 2006, and outlines our scope, deliverables, project staffing, estimated timing and professional fees for both the implementation of the Inventory Module.

PROJECT SCOPE

The specific objective of this project is to assist Utilities Inc. with the implementation of the JDEdwards Inventory Module. The primary use of the Inventory Module will be for the purpose of creating “Non-Stock” Item Master records, and will not be used for tracking physical inventory. The scope for implementation of the Inventory Module is limited to the following:

- Define Non-Stock Item
- Enter Item Master Records
- Create Unique G/L Class Codes
- Implement Automated Accounting Instructions associated with inventory transactions

PROJECT APPROACH AND DELIVERABLES

The implementation of the JDEdwards Inventory Module will be integrated in the overall JDEdwards implementation project. However, this implementation is considered a parallel activity and will not extend the overall timeline or the Go-Live for the JDEdwards project. For purposes of managing activities and tasks to be performed, the details of this implementation will be included in the work plan currently used to manage the JDEdwards project.

The scope will include activities associated with the Design, Build and Deliver/Testing phases of the project. It is expected that End User Training will be incorporated with the current training plan for all other modules and Post Go Live support will be provided by the team already in place.

The deliverables in this effort include:

- Inventory Project (Design) Book
- Configured Inventory Module
- Defined List of Non-Stock Item Master Records
- Loaded Automated Accounting Instructions
- Data Conversion/Upload of UI Non-Stock Items

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Utilities, Inc. and Deloitte Consulting resources. To implement the additional functionality will require an additional full time resource from Deloitte Consulting for an approximate duration of 3 months. We will continue to utilize the existing project management team structure for implementation of the additional functionality and will not require any incremental project management staff.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based upon our knowledge of the organization and the work effort that has already been completed to date and the scope outlined in this addendum we have estimated that the duration of implementation of the Inventory Module will be approximately 8 – 12 weeks.

We have estimated our professional fees in support of consulting services based on the project scope and assumptions outlined in this engagement letter in the table below:

| Description | Estimated Fees |
|--|-----------------------|
| JDEdwards Inventory Implementation Project | \$115,000 – \$175,000 |

April 25, 2007

Page 3

Project billing and assumptions are subject to terms documented and agreed to in our original engagement letter dated June 9, 2006

* * * * *

This Addendum is subject to the terms of Appendix A, the Master Services Agreement as documented in our engagement letter dated June 9, 2006.

Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618 4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

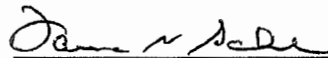
Utilities, Inc.

By:



Name: Lawrence A. Danielson
Title: Principal
Date: April 25, 2007

By:



Name: Larry Schumacher
Title: President
Date: 5/3/07



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One Prospect Street
Summit, NJ 07901
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Tel: 908-673-5600
Fax: 908-673-5201
www.deloitte.com

April 25, 2007

Letter of Engagement – Addendum 7

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

We appreciate the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) Deloitte Consulting LLP (“Deloitte Consulting”) has been assisting Utilities Inc. with the implementation of SPL (Customer Information System) and JD Edwards (Financial) applications. During the Detail Design Phase of the JD Edwards implementation work stream, UI requested that the current JD Edwards Project Deloitte Consulting CNC resource be extended from a planned “roll-off” date of April 20, 2007 to a revised “roll-off” of June 30, 2007. Due to the many demands on internal UI resources, the amount of time dedicated to purely CNC and Oracle DBA work was not sufficient for internal UI resources to adequately assume these roles by April 20th.

This letter will serve as an addendum (“Addendum 7”) to our engagement letter dated June 9, 2006, and outlines our scope, deliverables, project staffing, estimated timing and professional fees for the extension of the current CNC Resource.

PROJECT SCOPE

The specific objective of this project is to continue to assist Utilities Inc. with the implementation of the JDEdwards. The CNC function on the project is primarily responsible for the installation of the software, building of environments, administering the promotion of developed objects and database administration. Some of the activities we will work on include:

- Train UI Personnel on CNC activities including:
 - Package Building and Promotions
 - Security Administration
 - Table and Business Data Promotions
 - Oracle Database Administration
- Prototype Environment Migration
- Backup Procedure documentation

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April 25, 2007

Page 2

- Build Production Environment
- Implement Security Profiles

PROJECT APPROACH AND DELIVERABLES

The CNC activities to be completed during this extension will primarily be a continuation of the project work performed to date. These activities will continue to include UI internal resources to build skills and transfer knowledge.

The deliverables in this effort include:

- Backup Procedures
- Security Profile Matrix
- Production Environment build

PROJECT STAFFING

We will continue to expect a focused participation from a number of your internal staff team members. The Deloitte CNC Resource currently in place will continue to perform the necessary activities to support the JDEdwards implementation and maintain continuity on the project. Management of this resource will be included as part of the JDEdwards project already in progress, and will not require any incremental staff.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based on the request from UI, Deloitte Consulting will extend the current JDEdwards Project CNC resource for an additional 10 weeks. It is our expectation that UI will have the ability to support these functions internally by the end of this time, but if not, we will continue to provide assistance subject to your written approval.

We have estimated our professional fees in support of consulting services based on the project scope and assumptions outlined in this engagement letter in the table below:

| Description | Estimated Fees |
|----------------------------------|-----------------------|
| JDEdwards CNC Resource Extension | \$115,000 |

Project billing and assumptions are subject to terms documented and agreed to in our original engagement letter dated June 9, 2006

* * * * *

April 25, 2007

Page 3

This Addendum is subject to the terms of Appendix A, the Master Services Agreement as documented in our engagement letter dated June 9, 2006.

Deloitte Consulting understands that this initiative is a priority for Utilities, Inc. and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By:



Name: Lawrence A. Danielson
Title: Principal
Date: April 25, 2007

By:



Name: Larry Schumacher
Title: President
Date: 5/2/07

June 1, 2007

Letter of Engagement – Addendum 8

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

Deloitte Consulting LLP (“Deloitte Consulting”) appreciates the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) in assisting with the implementation of Oracle SPL (Customer Information System) and Oracle JD Edwards (Financial) applications.

During the Build Phase of the JD Edwards implementation work stream, UI has made a decision to revise the JD Edwards go-live date from September 2007 to October 2007. This letter will serve as an addendum (“Addendum 8”) to our engagement letter dated June 9, 2006 and is an extension to Addendum 3 Implementation for additional consulting services associated with the extension of JD Edwards go-live date.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based on this change in schedule we have estimated our professional fees in support of consulting services based on the revised timeline for JD Edwards outlined in this letter in the table below. These fees are based on time and materials and will be billed at actual hours worked.

| Description | Estimated Fees |
|------------------------------|-----------------------|
| JD Edwards Project Extension | \$385,000 - \$425,000 |

* * * * *

This Addendum is subject to the General Business Terms attached as Appendix A to our engagement letter dated June 9, 2006. Finalization of this engagement letter is subject to final AIG – Deloitte Consulting independence review.

Deloitte Consulting understands that this initiative is a priority for UI and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise

June 1, 2007

Page 2

us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

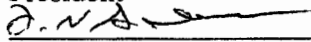
Utilities, Inc.

By:



Name: Lawrence A. Danielson
Title: Principal
Date: June 1, 2007

By:

Name: Larry Schumacher
Title: President
Date: 



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One Prospect Street
Summit, NJ 07901
USA
Tel: 908-673-5600
Fax: 908-673-5201
www.deloitte.com

June 1, 2007

Letter of Engagement – Addendum 9

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

Deloitte Consulting LLP (“Deloitte Consulting”) appreciates the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) in assisting Utilities Inc. with the implementation of data center hosting and enterprise network services.

During the implementation of the aforementioned services, there have been various changes to the original scope and timeline of 12 – 13 weeks beginning January 9, 2007. These changes were largely impacted by the change of the network provider from Global Crossing to AT&T. We have managed to provide consulting services at no extra cost through May 31, 2007. However based on the recent changes to scope has caused the project to extend past May 31, 2007. The additional consulting services to support the revised scope and taking on additional IT Manager responsibilities which include:

- Day-to-day support and coordination between third party vendors and UI
- Monitoring the execution of the network roll-out plan
- Helpdesk / software deployment package evaluation
- IT manager evaluation

Based upon the work effort that has already been completed to date we expect the duration of additional consulting services associated with the aforementioned activities to be approximately 18 – 21 weeks commencing June 4th, 2007. This will provide IT staff during the go live of JDE and the installation of SPL test equipment and procurement of production systems.

This letter will serve as an addendum (“Addendum 9”) to our engagement letter January 9, 2007 and is an extension to Addendum 5.

PROJECT STAFFING AND PROFESSIONAL FEES

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Support the aforementioned activities will be performed by Chris Dezio with oversight from Larry Danielson and Rohit Malhotra. We have estimated the time and materials for our professional fees in support of consulting services outlined in this letter to be:

| Description | Estimated Fees |
|--|-----------------------|
| Enterprise Architecture Implementation Project | \$245,000 - \$295,000 |

* * * * *

This Addendum is subject to the General Business Terms attached as Appendix A to our engagement letter dated June 9, 2006. Finalization of this engagement letter is subject to final AIG – Deloitte Consulting independence review.

Deloitte Consulting understands that this initiative is a priority for UI and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

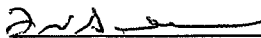
Utilities, Inc.

By:



By:

Name: Lawrence A. Danielson
Title: Principal
Date: June 1, 2007

Name: Larry Schumacher
Title: President
Date: 



JD Edwards and SPL Implementation Project

Scoping and Planning Discussion

Final Version

November 20, 2006

Privileged and Confidential

Deloitte.

Discussion Points

During the meeting today we will discuss the following topics:

- ▶ Meeting Objective
- ▶ Status Update – Milestone Chart
- ▶ Environmental Software Evaluation
 - Functional Requirements
 - Technical Requirements
 - Vendor Background
 - Pricing Comparison
- ▶ Scoping and Planning Analysis
 - Program Overview
 - Program Scope
 - Program Planning and Assumptions
 - Resource Plan
- ▶ IT Architecture Update
- ▶ Next Steps

Meeting Objective

The main objective of today's meeting is to review the work completed during the Scoping and Planning phase. This includes:

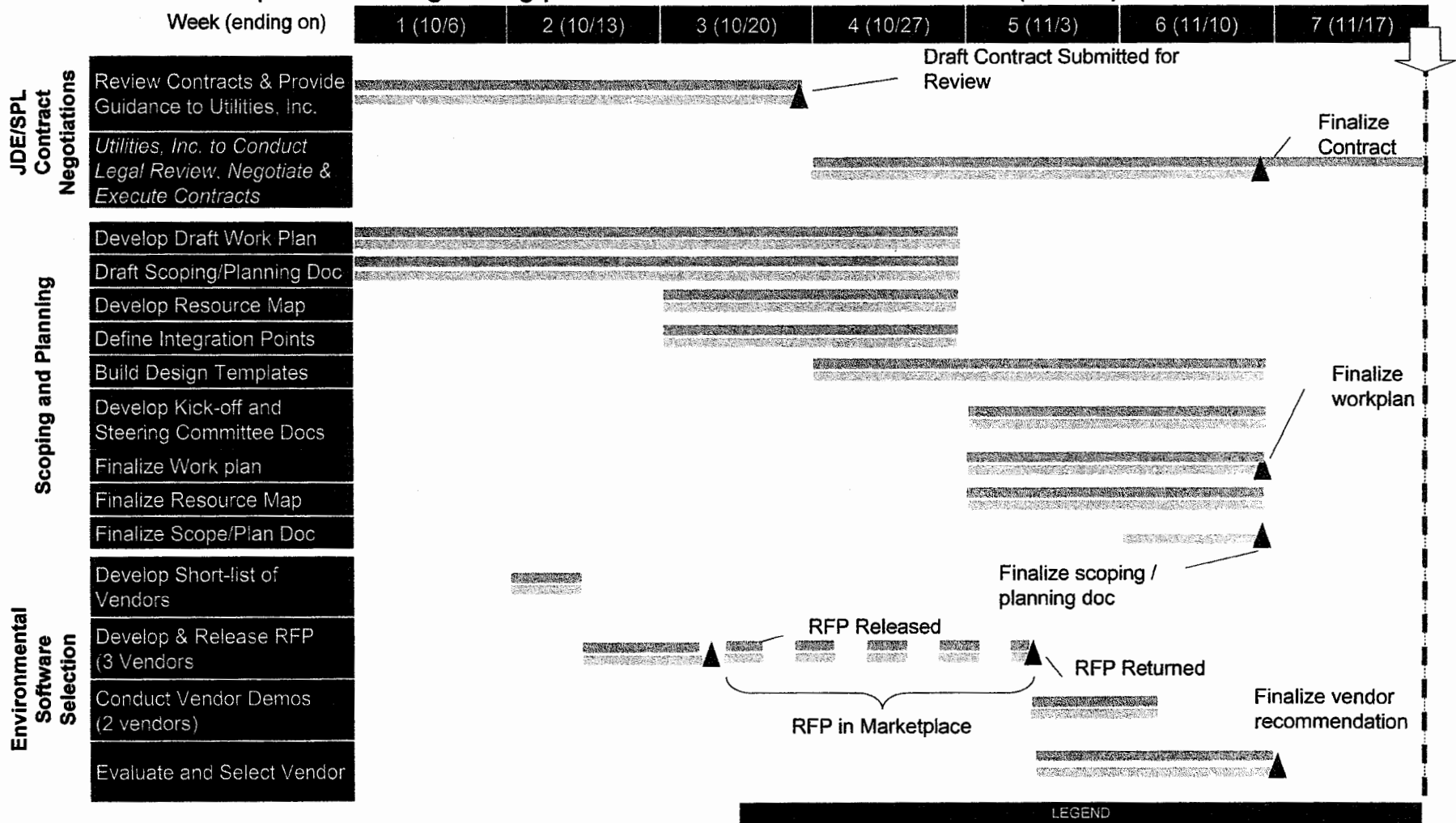
- ▶ Sharing our analysis on the selection of the environmental software
- ▶ Communicating the results of the scoping and planning phase
- ▶ Updating Utilities, Inc. with the progress made to-date on the IT Architecture project



Status Update - Milestone Chart

We have completed the Scoping and Planning phase of the project. During this phase we have planned the implementation of JD Edwards and SPL, as well as evaluated environmental software packages. We are still in the process of negotiating price and contracts with JD Edwards (Oracle) and SPL.

**WE ARE
HERE**



1 During week 7 we have begun on-boarding resources for the next phase of the project

Environmental Software Evaluation

Environmental Systems Evaluation: Summary

Three vendors were asked to submit an RFP response for Environmental Software. Of these only 2 responded¹, OPS and Enviance. Enviance's RFP response indicated that they had better functionality for Utilities, Inc., but the demonstrations identified that OPS' functionality was better suited to a water utility. The products are further differentiated by their technical architecture; Enviance is a hosted² solution, which increases the cost, but is easier to maintain.

| | | Product Eval. Criteria | OPS | Enviance |
|------|----------------------------|------------------------|-----|----------|
| RFP | Functional - RFP | | | |
| | Technical | | | |
| | Vendor Overview | | | |
| | Cost ³ | | | |
| Demo | Functional - Demonstration | | | |
| | | Overall | | |

Based on our un-weighted analysis, OPS and Enviance appear comparable. However there are some significant differences that will be highlighted in our analysis

● Highest Rating ○ Lowest Rating

¹ The third vendor that did not respond was EnviroData Solutions, Inc.

² A hosted solution means that the software will only be owned and maintained by Enviance

³ Excludes customization costs



Environmental Systems Evaluation: Functional – RFP

The functional evaluation considers the vendors' response to the RFP as well as their ability to execute the scenarios in the vendor demonstration. The primary use for the Environmental software is to record, monitor and report on environmental data. These requirements are covered in the Operational category below. Based on our evaluation of the RFP responses, OPS and Enviance meet the Operational functional requirements. Enviance does have a significant advantage in Compliance functionality.

| | OPS | | Enviance | |
|------------------------------|--------------|-------------|--------------|-------------|
| | RFP | Demo | RFP | Demo |
| Operational | 9.98 | 7.27 | 9.96 | 7.27 |
| Compliance | 6.73 | 7.27 | 10 | 7.27 |
| Composite¹ | 16.71 | 7.27 | 19.96 | 7.27 |

Scoring Explanation

RFP

- ▶ Represents the un-weighted score given to each requirement from the RFP responses
- ▶ Measures the solution's ability to meet Utilities, Inc.'s functional requirements
- ▶ Range is from 0 -10 based on the level of customization (if the requirement was met "Out of the box" it received a 10 and if it "cannot perform" the requirement it received a 0)

Demo

- ▶ Represents the average score awarded to each demo script by all Utilities, Inc. and Deloitte participants
- ▶ Measures the solution's ability to demonstrate the functionality described in the scripts
- ▶ Range is from 0 – 10 based on the ability to perform against the script (if the solution "meets all requirements" it received a 10 and if it "does not meet requirements" it received a 0)

¹ Service Orders and Repairs and Maintenance were included in the RFP, but not included in the composite score. When the RFP was distributed it was not clear where this functionality would be performed. As we now know that Repairs and Maintenance will be performed in JDE we have excluded the Repairs and Maintenance scores in our analysis. For your information, Enviance received a 9.33 for Repairs and Maintenance and a 9.23 for Service Orders. OPS received a 6.78 and a 7.27 respectively.

Environmental Systems Evaluation: Functional - Demonstration

OPS' experience in the water utility market was evident in its ability to demonstrate the creation of regulatory reports and the flexibility in entering data into the system. Enviance demonstrated better permit and task tracking functionality, but the primary purpose of the system is to enter data and create regulatory reports, in which OPS is superior. This is addressed in the "Operational" category below.

| | OPS | | Enviance | |
|------------------------------|-------------|--------------|-------------|--------------|
| | RFP | Demo | RFP | Demo |
| Operational | 8.00 | 8.01 | 7.87 | 7.87 |
| Compliance | 6.00 | 6.0 | 6.98 | 6.98 |
| Composite¹ | 7.33 | 14.01 | 7.43 | 14.85 |

Although OPS' demo score was less than Enviance's, all participants in the demo preferred OPS

Scoring Explanation

RFP

- ▶ Represents the un-weighted score given to each requirement from the RFP responses
- ▶ Measures the solution's ability to meet Utilities, Inc.'s functional requirements
- ▶ Range is from 0 -10 based on the level of customization (if the requirement was met "Out of the box" it received a 10 and if it "cannot perform" the requirement it received a 0)

Demo

- ▶ Represents the average score awarded to each demo script by all Utilities, Inc. and Deloitte participants
- ▶ Measures the solution's ability to demonstrate the functionality described in the scripts
- ▶ Range is from 0 – 10 based on the ability to perform against the script (if the solution "meets all requirements" it received a 10 and if it "does not meet requirements" it received a 0)

Environmental Systems Evaluation: Hardware and OS Software

OPS and Enviance have completely different technical architecture. Enviance's solution is a web-based, thin-client (browser), hosted, .Net solution. OPS is a traditional client server application with a bandwidth-intensive fat client.





























| | Utilities | OPS | Enviance |
|---|--|---------------------------------|----------|
| Operating System | AIX 5.2.3 | Windows only | N/A |
| Database | UniVerse 10.2, SQL Server 2000 Desktop Ed., Filemaker | MS SQL Server 2005 | N/A |
| | | \$31,500 (License) | N/A |
| Server Hardware for Production | 2x IBM RS/6000 5GB RAM 180GB HD | 2x Dell PowerEdge 1950 – A,D | N/A |
| | | \$16,800 | N/A |
| Server Hardware for Dev. and Test (D&T) | n/a | N/A | N/A |
| | | N/A | N/A |
| Additional Software | n/a | N/A | N/A |
| | | N/A | N/A |
| Total Cost | n/a | \$48,300 | N/A |

Enviance offers a Software-as-a-Service model, a hosted Application Service Provider (ASP) solution requiring no hardware or software purchase, and is charged on a per seat per month basis.

Hardware Key: E – Existing Utilities, Inc. server; A – Application server; D – Database server; W – Web server





























Environmental Systems Evaluation: Technical Requirements

Based on our analysis, Enviance meets more of the Utilities, Inc.'s technical requirements.

| | OPS | Enviance |
|----------------------|--|---|
| Architecture |  |  |
| Modularity |  |  |
| Interfaces |  |  |
| Programming Language |  |  |
| Database |  |  |
| Connectivity |  |  |
| Network |  |  |
| Web Technology |  |  |
| Thin Desktop Client |  |  |
| Availability |  |  |
| Scalability |  |  |
| Fault Tolerance |  |  |
| Archiving |  |  |
| Data Backup |  |  |

 Meets All Requirements
  Does Not Meet Requirements

Environmental Systems Evaluation: Technical Requirements (cont.)

| | OPS | Enviance |
|----------------------------------|--|---|
| Disaster Recovery |  |  |
| Batch Scheduling |  |  |
| Searching |  |  |
| Document Management Capabilities |  |  |
| User Authentication |  |  |
| Security |  |  |
| Audit Trail |  |  |
| Execution |  |  |
| Data Migration |  |  |
| User Interface |  |  |
| Standard Reports |  |  |
| Implementation |  |  |
| User Documentation |  |  |
| User Support |  |  |

 Meets All Requirements
  Does Not Meet Requirements



Environmental Systems Evaluation: Technical Requirements Details

The gaps in the technical requirements for OPS and Enviance are detailed below. For OPS it is important to note that components of the product require installation of client-side software and requires manual synchronization. It is recommended that client reference checks are undertaken with a focus on system performance and user acceptance.

| Enviance | |
|---------------------------|--|
| Modularity | Not modular; entire solution comes as a single package designed to meet requirements of various industries |
| Interfaces | Does not have specific pre-built interfaces for SCADA, Laboratory Information Management System (LIMS) |
| Standard Reports | Does not support report scheduling, automated delivery to distribution lists and drill-down. |
| User Interface | Does not support drill-down and predictive text. |
| OPS | |
| Architecture | Traditional client-server application with a fat client. |
| Network | Fat Client has a large footprint and is bandwidth intensive; some of its 'richer' functionality would be slow to use from the regional offices even with the future state network speeds. The Operators will have to use the 'offline' version which will not have the real-time features of drill-down etc. |
| Thin Desktop Client | If required, will have to be implemented using Terminal Services (Citrix) technology, which will result in additional cost and ongoing support issues. A basic, 'viewer-only' thin client is available for viewing reports. |
| Data Backup | Does not currently do partial backups, but tools available at additional cost. |
| Search | Field-level advanced searching not built-in to the User Interface. |
| Document Management | Does not support document workflow, document versioning and document text search. |
| Authentication & Security | Does not support enforcement of robust password rules, timeout functionality & password history. |

Environmental Systems Evaluation: Vendor Overview

In addition to evaluating the vendor's solution we assessed the vendor's viability based on their customer base and history in the market. OPS has a significantly larger customer base, and a large proportion of these are water utilities similar in size to Utilities Inc. In contrast, Enviance has very few water utility customers.

| Name | OPS | Enviance |
|----------------------|--|--|
| Location | Rio Rancho, NM | Carlsbad, CA |
| Number of Employees | 24 | 75 |
| Product Maturity | 28 years | 5 years |
| Customer Information | <ul style="list-style-type: none"> ▶ 1931 total customers ▶ 1735 water customers ▶ 1490 private companies ▶ Customers include Veolia Water, United Water, Clean Water Services | <ul style="list-style-type: none"> ▶ 100 total customers ▶ 20-25 Utility customers ▶ Makes no distinction between public and private companies ▶ Customers include Veolia Environmental Services, Georgia Power, Savannah Electric |

OPS has a strong presence in both water and utility companies. Enviance has some presence in the utility sector but minimal water utility penetration

Environmental Systems Evaluation: Cost

Our cost analysis is based on the one-time cost of hardware and software and the first three years of maintenance or subscription fees and does not include implementation costs. Enviance's hosted model, though more expensive on a yearly basis, provides ongoing support and hardware and software upgrades at no additional cost. The OPS system is less expensive but requires on-site support, upgrades, and maintenance. These additional costs are not included in the diagram below.

| | | OPS | Enviance |
|---|-----------------------------------|--------------------------------------|------------------------|
| One-time Costs | Hardware | \$48,300 | n/a ¹ |
| | Software (incl. Database license) | \$46,200 | n/a ¹ |
| | Operational Services | \$26,300 ? | \$0 |
| Total Hardware and Software | | \$120,800 | n/a¹ |
| Subscription/Maintenance (3 years) | | \$7,900/yr (1 st yr incl) | \$53,000/yr |
| Total Cost (3 years) | | \$136,600 | \$159,000 |
| RFP Provided Customization Costs ² | | \$40,000 | \$30,000 |

There will be some cost associated with operating and maintaining OPS. It is difficult to quantify this amount. We have used a notional \$75K salary + 40% on-costs for 0.25 FTE.

Utilities Inc will be required to pay Enviance's annual subscription fees every year. Over time this increases the cost of ownership.

¹ Since Enviance is a hosted solution, there are no upfront hardware or software costs. Maintenance represents the yearly subscription fee to the service

² Customization costs are calculated based on the level of customization required to meet the requirement. It does not include integration or custom reports.

Scoping and Planning Analysis

Scoping and Planning Analysis

The purpose of the Scoping and Planning Analysis is to provide a roadmap for the implementation of the JD Edwards ("JDE") Enterprise One Financial System and SPL WorldGroup, Inc. ("SPL") Customer Information System for Utilities, Inc. ("Utilities"). This analysis is supported by the Scoping and Planning Document, Implementation Workplan and a Resource Plan.

This analysis is structured into the following sections:

- ▶ **Overview** – including objectives and organization of the program
- ▶ **Scope** – including the functional and application module scope, the IT infrastructure, interface, data conversion, and reporting scope
- ▶ **Approach** – including key planning assumptions, methodology, schedule, and a high level summary of the four phases' activities and deliverables
- ▶ **Organization** – resource requirements, team structure, and organization
- ▶ **Management** – including issue management and communication

Program Overview

The objective of this program is to create financial transparency by enhancing and integrating processes, supporting applications and controls across Utilities, Inc., and making them scalable for future growth. This program is primarily a combination of multiple systems implementation projects, JDE and SPL. However, we have broken out the IT Architecture implementation into its own project.

- ▶ **Finance System Implementation – JDE:** responsible for designing and implementing the system, including testing and related training, as well as re-designing processes around the system
- ▶ **Customer Information System Implementation – SPL:** responsible for designing and implementing the system, including testing and related training, as well as re-designing processes around the system
- ▶ **IT Architecture Implementation:** responsible for designing and implementing the network and hardware

Program Scope: Functional and Application Scope

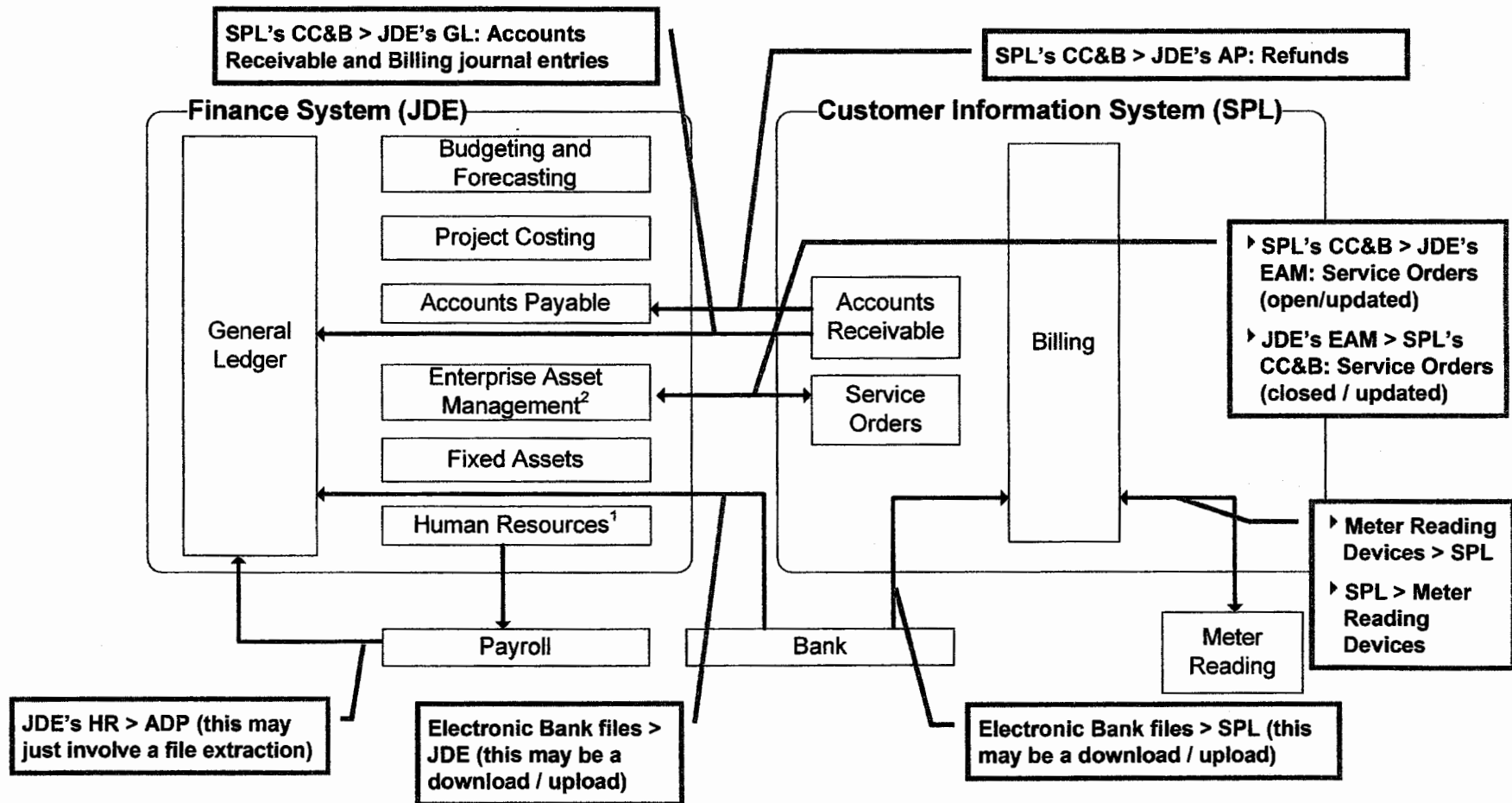
The program involves many different processes across the finance, operations, and customer/billing functions. The business processes considered in-scope have been organized by their related application and modules.

| Functional and Application Scope | | | |
|-----------------------------------|-------------|---|---|
| General Functional | Application | Specific Function | Modules |
| Finance | JD Edwards | <ul style="list-style-type: none"> ▸ General Ledger ▸ Accounts Payable ▸ Requisitioning ▸ Fixed Assets ▸ Capital Projects ▸ Budgeting and Planning ▸ Human Resources ▸ Reporting ▸ Repairs and Maintenance | <ul style="list-style-type: none"> <u>Finance</u> ▸ General Ledger ▸ Accounts Payable ▸ Fixed Assets ▸ Project Costing <u>Human Resources</u> ▸ Employee Self Service ▸ Human Resources Management ▸ Manager Self Service ▸ Time and Labor |
| | | | <ul style="list-style-type: none"> <u>Enterprise Asset Management¹</u> ▸ Capital Asset Management ▸ Equipment Cost Analysis ▸ Resource Assignment ▸ Requisitioning <u>System</u> ▸ System Foundation ▸ Technology Foundation ▸ User Production Kits ▸ Crystal Report Writer |
| Customer Information System (CIS) | SPL | <ul style="list-style-type: none"> ▸ Billing ▸ Accounts Receivable ▸ Customer Service ▸ Meter Reading ▸ Reporting | <ul style="list-style-type: none"> <u>Customer Care & Billing</u> ▸ Foundation Application ▸ Customer Data Management and Geographic Data Management ▸ Customer Interaction ▸ Order Entry ▸ Field Orders ▸ Rates (Rating Engine) ▸ Meter Reading ▸ Meter & Device Management ▸ Billing and Multi-Party Billing ▸ Payments ▸ Non-Billed Payments |
| | | | <ul style="list-style-type: none"> ▸ Financial Data Management ▸ Credit & Collections ▸ Reporting <u>Add-on Modules</u> ▸ Application Work-Bench Add-On ▸ Batch Scheduler Add-On ▸ Case Management Add-On ▸ Configuration Lab Add-On ▸ Premise Management Add-On ▸ Business Objects (Bill Print) ▸ Crystal Report Writer |

¹ Refer to Appendix 1 for JDE EAM Module selection criteria.

Program Scope: Interface Scope

Interfaces between JDE, SPL and other systems will be developed as determined by the functional teams during Design Phase. It is currently assumed that all interfaces will be performed in batch rather than real time with re-assessment during the Design Phase.



1 Human Resources includes Employee Self Service, Human Resource Management, Manager Self Service and Time and Labor Modules

2 Enterprise Asset Management includes Capital Asset Management, Equipment Cost Analysis and Resource Assignments

Program Scope: Data Conversion Scope

Data conversion includes the cleansing and conversion of data required for the new systems. The Functional Teams will determine the extent of cleansing required for their data. During conversion, records will be identified to be migrated, including current data, active data and any relevant inactive data. Conversion will also include collecting the relevant data elements of the records required for the new system. The current scope of conversion is detailed below.

| Application | Data Type | Conversion Type | Legacy System | Scope | Approximate Volume |
|-------------|---------------------------|-----------------|-----------------------|---|------------------------|
| JD Edwards | GL Transaction | Electronic | FMS Ideas | 6 years | 60,000 |
| | GL Balances History | Manual | FMS Ideas | N/A | Not available |
| | Vendor Master files | Electronic | FMS Ideas | Cleansed Vendor List | 8,500 |
| | Employee Records | Manual | ADP | Cleansed Employee List | 500 |
| | Fixed Assets ¹ | Manual | MS Excel | Cleansed Fixed Asset List | Not available |
| | Projects | Electronic | FileMaker Database | Closed Projects – 2 years All Non-Closed ² Projects | 2,000 ³ |
| | Chart of Accounts | Electronic | FMS Ideas | Cleansed COA | Not available |
| | Purchase Orders | Manual | MS Excel | Open Purchase Orders | 20,000 ⁴ |
| SPL | Customer files | Electronic | Custom Billing System | Cleansed Customer List | 180,000 |
| | Billing History | Electronic | Custom Billing System | 3 year | 5,700,000 ⁵ |
| | Companies / Sub-divisions | Electronic | Custom Billing System | Current Master List | 89 co. / 577 subs |
| | Premises | Electronic | Custom Billing System | Current Master List | Not available |
| | Developer Agreements | Manual | None | Available agreements only | Not available |

1 – Fixed assets records converted into JDE will be limited to the client's current fixed asset registers.

2 – Non-Closed project refers to those projects that are in different stages of their life cycle

3 – Number of open projects (500) * 4

4 – Number of purchase orders per year (100,000) / 5

5 – Number of bills per year (1.9 million) * 3 years

Program Scope: Reports

Key outputs for successful operation of JDE and SPL, will be the generation and publishing of business reports required by the organization. Although it is expected that standard system reports will satisfy the majority of Utilities' production report requirements, there may be a need for specialized reports. During the Design Phase we will validate this scope and develop a regulatory reporting strategy.

| Reporting Scope | |
|-----------------|---|
| Reporting | <ul style="list-style-type: none">▸ Reporting Category<ul style="list-style-type: none">▸ Financial Reports▸ Management Reports▸ Regulatory Reports▸ Master Data Reports▸ Standard Reports – Core “Out-of-box” Reports from JDE and SPL▸ Customized Reports – limited to 10 Reports for JDE and SPL yet to be determined |

September 9, 2007

Letter of Engagement – Addendum 10

Mr. Larry Schumacher
President and CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

Deloitte Consulting LLP (“Deloitte Consulting”) appreciates the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) in assisting with the implementation of the OPS Environmental Software application.

PROJECT OBJECTIVE AND SCOPE

The objective of this project is to implement OPS Environmental Software, initially at a limited number of UI sites which are representative of the UI’s operations. The scope of the project will include:

- Stage 1 Implementation Sites which will be determined during the planning phase
- OPS Modules (e.g., Operational and Compliance)

PROJECT APPROACH

Utilities Inc. management has determined to take a “staged” implementation approach for the Environmental Software. Although OPS indicated that the software would need to be customized to meet all RFP requirements, this approach assumes no customization and basic reporting capabilities. UI and Deloitte teams will evaluate the required customizations during the design phase and assess the impact of these customizations to the overall timeline. We have outlined key steps of the staged approach their relevant timelines, project responsibilities and key deliverables in the tables below.

Project Approach:

| | | Weeks 1 - 4 | Weeks 5 - 8 | Weeks 9 - 12 | Weeks 13 - 16 | Weeks 17 - 20 | Weeks 21 - 24 | Weeks 25 - 28 |
|---------------------------------|---|--|---|--|---|--|---------------|---------------|
| Scoping and Planning | 2 weeks | [Gantt bar] | | | | | | |
| Design | 6 weeks | [Gantt bar] | | | | | | |
| Build and Test | 8 weeks | | | [Gantt bar] | | | | |
| Train and Go-live | 4 weeks | | | | [Gantt bar] | | | |
| Define Rollout Strategy | 1-2 weeks | | | | | | [Gantt bar] | |
| Subsequent Sites (not in scope) | 4 weeks | | | | | | [Gantt bar] | |
| Scoping and Planning | | Design | Build and Test | Train and Go-live | Define Rollout Strategy | Subsequent Sites (not in current scope) | | |
| | <ul style="list-style-type: none"> Define the first group of sites to implement Develop the data collection strategy Develop the training strategy Define reporting requirements Develop test plan | <ul style="list-style-type: none"> Design business processes Collect data requirements (all sites) Develop a global design (all sites) Design "to-be" technical architecture | <ul style="list-style-type: none"> Configure system for selected sites Undertake testing Build reports Perform Readiness Assessment Develop "go-live" plan | <ul style="list-style-type: none"> Conduct training of field personnel at selected sites Rollout system to selected sites Provide post-implementation support | <ul style="list-style-type: none"> Apply lessons learned to select future sites and refine approach Determine the sites to implement over the next 4 weeks Determine roles and responsibilities (UI, DC, OPS) for future implementations | <ul style="list-style-type: none"> Rollout system and processes to the sites identified during the Rollout Strategy Phase | | |

Project Responsibilities Matrix by Phase:

| | Scoping and Planning | Design | Build and Test | Train and Go-live | Define Rollout Strategy |
|----------------|---|---|--|---|---|
| Utilities, Inc | <ul style="list-style-type: none"> Determine the first group of sites to implement | <ul style="list-style-type: none"> Collect data requirements from field staff Identify requirements for business processes | <ul style="list-style-type: none"> Conduct testing Assist OPS in report development | <ul style="list-style-type: none"> Conduct training at selected sites | <ul style="list-style-type: none"> Identify next group of sites |
| Deloitte | <ul style="list-style-type: none"> Project management support Develop implementation approach, including data collection, training, testing, and reporting strategy | <ul style="list-style-type: none"> Develop business processes Design technical architecture Develop global design Assist in data collection | <ul style="list-style-type: none"> Oversee the configuration Perform "Readiness Assessment" Develop "Go-live" plan Assist in testing | <ul style="list-style-type: none"> Train UI trainers in redesigned processes Troubleshoot and provide post implementation support | <ul style="list-style-type: none"> Determine optimal approach to implementing at next group of sites |
| OPS | <ul style="list-style-type: none"> Provide best practices and lessons learned from other OPS implementations | <ul style="list-style-type: none"> Provide data collection templates and accelerators | <ul style="list-style-type: none"> Configure system for selected sites Build reports Train UI in report development | <ul style="list-style-type: none"> Train UI trainers Provide post implementation support | <ul style="list-style-type: none"> Provide best practices and lessons learned from other OPS implementations |

Project Deliverables:

- Detailed project workplan
- Scoping and Planning document
- Detailed Design document with future state business processes and rules
- Test Scripts
- Training Materials
- Develop post “Go Live” plan
- Roll-out approach for subsequent sites (not in scope of Stage 1 sites)

PROJECT STAFFING

We recognize that any effort of this importance requires the joint efforts of Utilities, Inc. and Deloitte Consulting resources. We will expect a focused participation from a number of Utilities, Inc.’s key management and staff team members. Any delays in access to individuals, documentation or data may impact the project timeline and potentially impact project fees. We will notify you immediately if we believe there would be any change to our agreed timeline and resource level. It is our understanding that Utilities, Inc. has identified Danny Delgado and Kendra Rose to work with the Deloitte project manager on this project.

The proposed Deloitte Consulting management team and associated individual responsibilities includes Larry Danielson, Rohit Malhotra and Michael Sparrow who Utilities, Inc. have previously worked with.

In addition to our team described above we expect to utilize approximately 2 consultants. If additional full-time resources are needed, we will discuss this with you in advance and obtain your approval before proceeding.

PROFESSIONAL FEES

We have estimated our professional fees to be in the range of approximately \$500,000 – \$550,000 for a 20 – 22 week period. Should the project time frame change once contract negotiations have been finalized with OPS we will adjust our timeline and budget. Our weekly rate for this project is in the order of \$25,000 - \$30,000. In a project of this type, it is our practice to develop the budget for our assistance and work closely with you throughout the engagement to manage costs. Our fees are based on actual hours worked. If more time than anticipated is required, we will notify you as soon as possible, and we will not proceed without your written authorization.

These estimated fees are based upon our current understanding of the project requirements, our proposed approach, our estimate of the level of effort required, our roles and responsibilities, and active participation of UI management and other personnel, as defined in this engagement letter. These estimates are only for Deloitte Consulting professionals defined in this engagement letter. Any costs related to the software, hardware and other contractors

are not included. Based on our experience, issues sometimes arise that require efforts beyond what was initially anticipated. If this should occur, we will discuss it with the UI team and seek authorization prior to performing any additional work.

ASSUMPTIONS

We made several assumptions in developing our approach:

- No historical data will be converted
- The scope of reports will be evaluated and defined during Scoping and Planning, and Design phases
- UI field / operational staff will provide the implementation team with all required data collection fields and tolerances
- No interfaces will be constructed (OPS has indicated they have pre-built SCADA and LIMS interfaces, but these have been excluded from the scope of this project)
- No software customizations will be made
- The design will include requirements from all sites (e.g. it will include every data element required by every site), but the scope of the build is limited to the 1st set of sites
- A “train-the-trainer” approach will be utilized
- Costs do not include OPS’ implementation costs

This Addendum is subject to the General Business Terms attached as Appendix A to our engagement letter dated June 9, 2006. Finalization of this engagement letter is subject to final AIG – Deloitte Consulting independence review.

Deloitte Consulting understands that this initiative is a priority for UI and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By: 

By: _____
Name: Larry Schumacher
Title: President
Date: _____

Name: Lawrence A. Danielson
Title: Principal
Date: September 9, 2007

John Stover

From: Danielson, Larry (US - Summit) [ldanielson@deloitte.com]
Sent: Tuesday, October 16, 2007 9:57 AM
To: John Stover
Subject: RE: Deloitte Lap-Top Assessment Confirmation

John,
We did not do an engagement letter for Addendum 11. This is the confirmation for our records. Hope this helps. LD

From: Larry Schumacher [mailto:LNSchumacher@uiwater.com]
Sent: Monday, August 20, 2007 11:00 AM
To: Danielson, Larry (US - Summit)
Cc: Danny Delgado; Malhotra, Rohit (US - New York); Lisa Crossett; Steve Lubertozzi; John Hoy; John Stover; Don Sudduth
Subject: RE: Deloitte Lap-Top Assessment Confirmation

confirmed

Larry Schumacher
President & C.E.O.
Utilities, Inc.

From: Danielson, Larry (US - Summit) [mailto:ldanielson@deloitte.com]
Sent: Monday, August 20, 2007 9:01 AM
To: Larry Schumacher
Cc: Danny Delgado; Rohit Malhotra (Deloitte)
Subject: Deloitte Lap-Top Assessment Confirmation

Larry,

As a follow up to our discussions we are happy to assist Utilities Inc. with a high-level assessment of laptop requirements for your field operations. Given the urgent nature of this assessment we started this work last week. We understand that Utilities Inc. would like to procure the laptops by the go-live of JD Edwards and will work towards that goal, but we also recognize based on our discussions and past experiences when dealing with vendors this may not be possible.

The scope to be of this assessment will include:

1. Requirements for the type of laptops for field personnel
2. An approximation for the number of laptops to be procured
3. Impact of this additional hardware on networks, JDE, CC&B implementation
4. Impact of additional hardware on IT processes

The high-level laptop assessment for field operations will take approximately 2-3 weeks and our fees associated will be approximately \$20,000 per week. Please reply back confirming your support of this additional work.

If you may have any questions please feel free to reach me below.

Thanks,
Larry
Lawrence A. Danielson

Principal, Deloitte Consulting LLP

08) 673-5290 office (908) 625-7826 cell LDanielson@Deloitte.com

Assistant, Melissa Torres (908) 673-5559

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Deloitte Consulting LLP
 One Prospect Street
 Summit, NJ 07901
 USA

Tel: 908-673-5600
 Fax: 908-673-5201
 www.deloitte.com

September 24, 2007

Letter of Engagement – Addendum 12

Mr. Larry Schumacher
 President
 Utilities, Inc.
 2335 Sanders Road
 Northbrook, IL 60062

Dear Larry:

Deloitte Consulting LLP (“Deloitte Consulting”) appreciates the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”) in assisting with the implementation of Oracle CC&B (Customer Information System) and Oracle JD Edwards (Financial) applications.

UI Executive team made a decision to change the go-live date for JD Edwards implementation from October, 2007 to December, 2007. This has impacted the timeline for Oracle CC&B as there is overlap in activities and resources with the JDE post go-live support activities. Hence the CC&B go-live has been moved to April 2008 to reduce the impact on the organization. In addition, UI Executive team has also requested further assistance from Deloitte Consulting to support JDE go-live activities, including: documentation updates, create leverage for Larry Friedlander in supporting JDE security set activities, implement position control and business readiness tasks from the 3-day workshop.

This letter will serve as an addendum (“Addendum 12”) to our engagement letter dated June 9, 2006 and is an extension to Addendum 3 Implementation for additional consulting services associated with the extension of JD Edwards and CC&B go-live date.

PROFESSIONAL FEES AND PROJECT ASSUMPTIONS

Based on this change in schedule we have estimated our professional fees in support of consulting services outlined in this letter in the table below. We have estimated additional fees in 2 parts which are based on time and materials and will be billed at actual hours worked.

1. Fees related to JDE & CC&B go-live extensions are outlined below.

| Description | Estimated Fees |
|-------------|----------------|
| November | \$560,000 |
| December | \$370,000 |

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 Deloitte Touche Tohmatsu

| | |
|-------------------------------|--------------------|
| January | \$220,000 |
| February | \$230,000 |
| March | \$140,000 |
| April | \$130,000 |
| APPROXIMATE TOTAL FEES | \$1,650,000 |

2. Fees related to additional support activities for JDE go-live:

| Activity | Approximate Duration | Estimated Fees |
|--|-----------------------------|-------------------------------|
| Business Process and Rules documentation update | 2 – 3 Weeks | \$25,000 |
| Create leverage for Larry Friedlander by supporting JDE security set up activities | 3 Weeks | \$35,000 - \$40,000 |
| Utilize JDE Position Control to manage position budgeting | 3 – 4 Weeks | \$30,000 - \$35,000 |
| Support business readiness tasks from 3-day workshop | 8 Weeks* | \$35,000 |
| APPROXIMATE TOTAL FEES | | \$125, 000 - \$135,000 |

* Please note based on the conversation from 3-day workshop, we will not bill for 4 weeks of the additional resources required to support the activities from the workshop.

* * * * *

This Addendum is subject to the General Business Terms attached as Appendix A to our engagement letter dated June 9, 2006.

September 24, 2007

Page 3

Deloitte Consulting understands that this initiative is a priority for UI and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By:

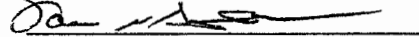


Name: Lawrence A. Danielson
Title: Principal
Date: September 24, 2007

By:

Name: Larry Schumacher
Title: President

Date:



06/25
10/12/07

November 8, 2007

Letter of Engagement – Addendum 14

Mr. Larry Schumacher
President
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

Dear Larry:

Deloitte Consulting LLP (“Deloitte”) appreciates the opportunity to continue to provide consulting services to Utilities, Inc. (“UI”). Based on our meeting with the executive team we understand that UI would like Deloitte to provide implementation support to UI’s IT Department.

To provide these services we will provide an IT Manager and Consultant (Chris Dezio), for a period of 1 - 3 months. The initial period will be for 3 months. We will perform a review of support services required after the initial 3 month period and move forward based on resource requirements agreed by both UI and Deloitte. These services would begin Monday November 12, 2007. The scope of our consulting services to support Project Phoenix activities includes:

- JD Edwards go-live support
- Support and coordination between third party vendors and UI
- Project management support of the helpdesk / software deployment package (Altiris) being designed and implemented by an external consultant
- Perform general IT Manager functions for Project Phoenix

This letter will serve as an addendum (“Addendum 14”) to our engagement letter January 9, 2007.

ASSUMPTIONS

The scope of consulting services outlined and timing above and the related fees described below consider the following key assumptions:

1. All day-to-day decision making will be responsibility of UI executive team member(s).
2. Support activities will be performed under the direction of the Utilities, Inc. management team.
3. Deloitte team will not participate in UI staff review and evaluations.

November 8, 2007

Page 2

PROFESSIONAL FEES

We have estimated our professional fees in support of consulting services based on the timeline for aforementioned activities outlined in this letter to be:

| Description | Estimated Fees |
|-----------------------|-----------------------|
| IT Department Support | \$215,000 - \$315,000 |

* * * * *

This Addendum is subject to the General Business Terms attached as Appendix A to our engagement letter dated June 9, 2006.

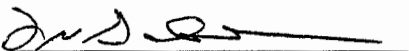
Deloitte Consulting understands that this initiative is a priority for UI and we are committed to supporting your efforts to complete this project. If you have any questions, please contact either Larry Danielson at (908) 673-5290 or Rohit Malhotra at (212) 618-4531. Please advise us if the above matters are in accordance with your understanding and wishes. You may do so by indicating your approval in the space provided on the enclosed letter.

Yours truly,

Deloitte Consulting LLP

Utilities, Inc.

By: 

By:  **LS**

Name: Lawrence A. Danielson
Title: Principal
Date: November 8, 2007

Name: Larry Schumacher
Title: President
Date: 11/8/07

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 18

PARTY: PSC Staff

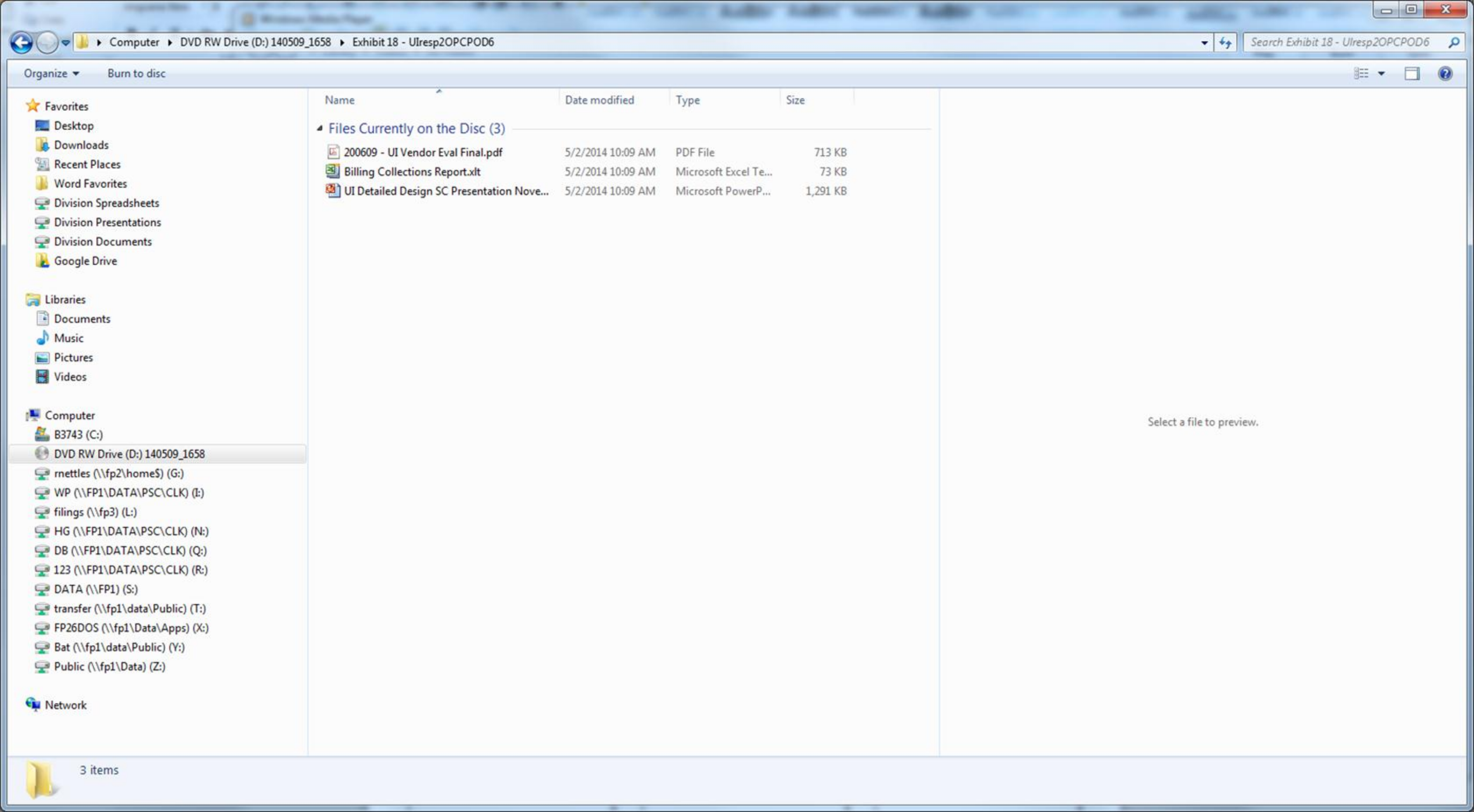
DESCRIPTION: UI's responses to OPC's 2nd request
for POD's, Nos. 6-7, 9, 11, and 13-15.

18

UI's Responses to OPC's Second Request for Production of Documents (Nos. 6, 7, 9, 11, and 13-15)

**See Staff's Hearing Exhibit CD
for files re:
Production Requests 6, 14, and 15**

**See Staff Exhibit No. 17
for documents re:
Production Request No. 13**



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| Billing Collections Report.xlt | 5/2/2014 10:09 AM | Microsoft Excel Te... | 73 KB |
| UI Detailed Design SC Presentation Nove... | 5/2/2014 10:09 AM | Microsoft PowerP... | 1,291 KB |

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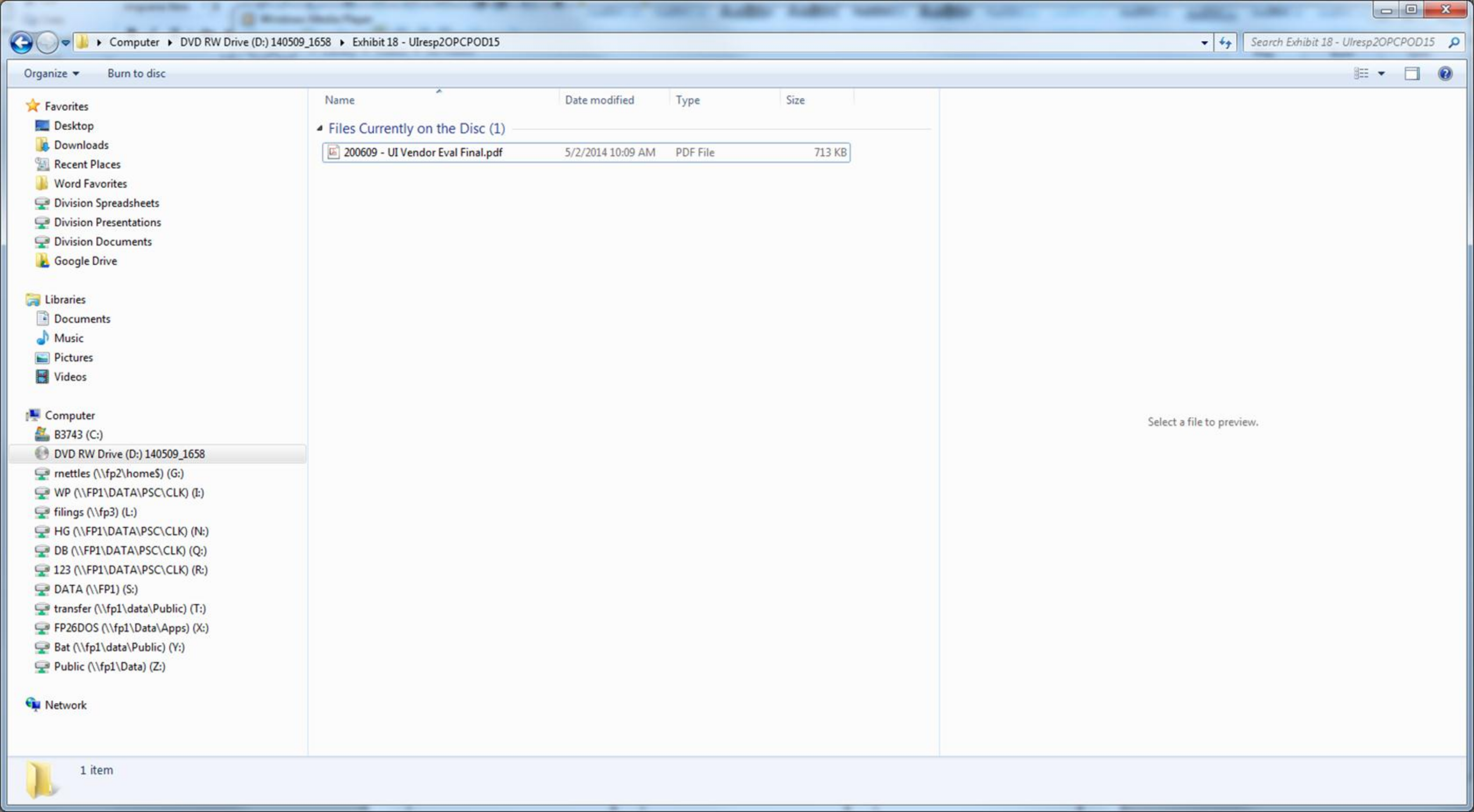
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| UI Detailed Design SC Presentation November v9.ppt | 5/2/2014 10:09 AM | Microsoft PowerP... | 1,291 K |

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1 item

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Analysis of UTILITIES, INC.'S financial
accounting and customer service computer
system

Docket No.: 120161-WS

UTILITIES, INC.'S RESPONSE
TO CITIZENS' SECOND REQUEST TO PRODUCE

UTILITIES, INC., by and through its undersigned attorneys and pursuant to the applicable Florida Rules of Civil Procedure and Florida Administrative Code, hereby responds to Citizens' Second Request to Produce. (Nos. 6-16).

6. Please refer to the direct testimony of Witness Lawrence A. Danielson, page 2 lines 13-18. Please provide a copy of all documents reviewed by Mr. Danielson or anyone from his firm that assisted in the preparation of his direct testimony. The documents to be provided should include but not be limited to those identified as reviewed regarding project planning and scoping documents, pricing documents, consulting statements of work and vendor (request for proposal or RFP) and billing statements for systems, project status reports, project steering committee presentations and various project deliverables.

Response: Please see the documents titled "200609 - UI Vendor Eval Final.pdf", "UI Detailed Design SC Presentation November v9.ppt", and "Billing Collections Report.xlt"

7. Please refer to the direct testimony of Witness Danielson, page 3, line 1. Please provide a list of the "similar projects at a broad range of clients" and the clients as referenced by his direct testimony. (This list may be limited to the most recent 10 years.)

Response: Mr. Danielson has over 25 years of experience leading large-scale transformation at the largest companies in the world. He has been with Deloitte for nearly 23 years and has consulted to the leadership of a broad range of multinational clients. His expertise focuses on end-to-end insurance processes for property and casualty, commercial, life and reinsurance carriers on issues ranging from business process design, organizational design, information technology strategic planning, mergers and acquisitions, strategic cost

reduction, large-scale program management, productivity improvement, and outsourcing advisory. He is best known for his results oriented approach to problem solving where he can always refer to the positive impact Deloitte's work has on business results and has the deep client relationships to support these results. Mr. Danielson leads Deloitte's efforts at its largest and most visible financial service clients. He is a Lead Partner at several of Deloitte's largest clients and a Leader in its National Insurance Technology practice. He is also leader in Deloitte's technology and strategy practice. He publishes and speaks on a regular basis at large industry meetings. His presentations typically address current topics that impact the future of the financial services industry. Mr. Danielson's financial service client portfolio includes: Aviva USA, American International Group of Companies, CIGNA, Prudential Financial, New York Life, MetLife, Liberty Mutual Group, MONY Group, QBE, Wausau, ManuLife, Ameritus-Acacia, Blackstone Group, Kohlberg Kravis Roberts, Morgan Stanley, Endurance, Awkwright Mutual and American Re and various State Governments.

9. Please refer to the direct testimony of Witness Danielson, page 8, line 3-5. Please provide invoices from Deloitte Consulting, Oracle, and JD Edwards for "professional services fees", "hardware, software and vendor licenses", and "training, travel and other expenses" referenced in his testimony.

Response: Please see the file titled "Billing Collections Report.xlt"

11. Please refer to the direct testimony of Witness Danielson, page 8, line 10-12. Mr. Danielson states that "Of the 15% of costs for hardware, software and vendor licenses (Exhibit 4) only \$380,862.00 is for hardware for the network and computing which is the only cost

component that would be impacted if the customer size changed 10%. Please provide the documents to support how the \$380,862.00 cost was determined.

Response: Exhibit B under Software and Hardware Fees of on page 15 of UI Litigation Support Draft for Review 07-31-12(LD Comments).docx, line item under CDW indicates the actuals as \$380,862; CDW are the providers of hardware, the remaining costs are for software and license fees. License and software costs are one-time fees. CDW would be the only impacted cost area to support increased customer traffic / support.

13. Please refer to LAD-1. Please provide the entire "Deloitte Consulting Original Engagement Letter" referenced in LAD-1 (LAD-1 contains only an extract), as well as all subsequent revisions, extensions or updates to the original June 9, 2006 engagement letter and any additional engagement letters issued after June 9, 2006 regarding the Phoenix Project.

Response: Please see Amendments and Statement Of Work.

14. Please refer to LAD-2. Please provide the entire "UI Detailed Design SC Presentation November v9.ppt" referenced in LAD-2 (LAD-2 contains only an extract), as well as other design presentations which contain "financial updates", "software and hardware fees", and cost breakdowns related to Project Phoenix, including the final presentation providing the final cost breakdown for Project Phoenix.


Response: See the file titled "UI Detailed Design SC Presentation November v9.ppt"

15. Please refer to LAD-5. Please provide the entire "Vendor Selections Results" referenced in LAD-5.

Response: Please see the file titled "200609 - UI Vender Eval Final.pdf"

Respectfully submitted this 31st day of March,
2014, by:

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MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
For the Firm

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120161-WS EXHIBIT No. 19

PARTY: PSC Staff

DESCRIPTION: UI's responses to Staff's 1st
Request for Admissions, Nos. 1-4.

19

**UI's Responses to
Staff's First Request for Admissions
(Nos. 1-4)**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Analysis of Utilities, Inc.'s financial accounting and customer service computer system. | DOCKET NO. 120161-WS

UTILITIES, INC.'S RESPONSE TO STAFF'S
FIRST REQUEST FOR ADMISSIONS (NOS. 1-4)

UTILITIES, INC., by and through its undersigned attorneys and pursuant to the applicable Florida Rules of Civil Procedure and Florida Administrative Code, hereby responds to Staff's First Request for Admissions (Nos. 1-4):

1. Admit that UI's Phoenix Project became operational in December 2008.

Response: Deny. The JDE portion of Project Phoenix became operational in December 2007, and the CCB portion of Project Phoenix became operational in June 2008.

2. Admit that since 2009, the Commission has approved recovery of the cost of the Phoenix Project in numerous UI rate cases.

Response: Admit.

3. Admit that in those cases, UI allocated the Phoenix Project costs based on each subsidiary's ratio of equivalent residential connections (ERCs) to UI's total ERCs.

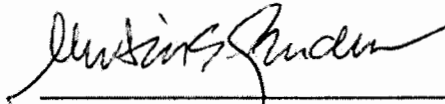
Response: Admit.

4. Admit that the appropriate depreciable life for the Phoenix Project is ten years.

Response: Deny. The appropriate depreciable life of Project Phoenix is 8 years, which is the time period over which Utilities, Inc. is depreciating Project Phoenix.

Respectfully submitted this 2nd day of
April, 2014, by:

FRIEDMAN, FRIEDMAN & LONG, P.A.
766 North Sun Drive, Suite 4030
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MARTIN S. FRIEDMAN
Florida Bar No.: 0199060
For the Firm

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120161-WS EXHIBIT No. 20
PARTY: UI/John Hoy
DESCRIPTION: Deposition Transcript
and Exhibit of J. Hoy, 4/28/14.

20

**Deposition Transcript and Exhibit of
John Hoy, 4/28/14**

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 120161-WS

ANALYSIS OF UTILITIES, INC.'S
FINANCIAL ACCOUNTING AND
CUSTOMER SERVICE COMPUTER
SYSTEM.

_____ /

TELEPHONIC
DEPOSITION OF: JOHN HOY

TAKEN AT THE
INSTANCE OF: The Staff of the Florida
Public Service Commission

PLACE: Room 382-D
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida

TIME: Commenced at 11:00 a.m.
Concluded at 11:58 a.m.

DATE: Monday, April 28, 2014

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

1 APPEARANCES:

2 ERIK L. SAYLER, ESQUIRE, Office of Public
3 Counsel, c/o The Florida Legislature, 111 West Madison
4 Street, Room 812, Tallahassee, Florida 32399-1400,
5 appearing (via telephone) on behalf of the Citizens of
6 the State of Florida.

7 MARTIN S. FRIEDMAN, ESQUIRE, Sundstrom Law
8 Firm, 766 North Sun Drive, Suite 4030, Lake Mary,
9 Florida 32746, appearing (via telephone) on behalf of
10 Utilities, Inc.

11 MARTHA BARRERA and JULIA GILCHER, ESQUIRES,
12 FPSC General Counsel's Office, 2540 Shumard Oak
13 Boulevard, Tallahassee, Florida 32399-0850, appearing on
14 behalf of the Florida Public Service Commission Staff.

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I N D E X
WITNESSES

| NAME: | PAGE NO. |
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| JOHN HOY | |
| Examination by Ms. Barrera | 8 |
| Examination by Mr. Sayler | 14 |

EXHIBITS

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Number 1

19

P R O C E E D I N G S

1
2 **MS. BARRERA:** Let's go on the record. And for
3 purposes of the record my name is Martha Barrera. I'm a
4 staff attorney with the Florida Public Service
5 Commission. Before we have the witness sworn in, I'd
6 like to get everybody's name for the benefit of the
7 court reporter. I will start with the people in this
8 room with me.

9 **MR. SPRINGER:** Michael Springer, Commission
10 staff.

11 **MS. GILCHER:** Julia Gilcher, Commission staff.

12 **MR. BROWN:** Todd Brown, Commission staff.

13 **MR. CICCHETTI:** Mark Cicchetti, Commission
14 staff.

15 **MR. PRESTWOOD:** Clarence Prestwood, Commission
16 staff.

17 **MR. MAUREY:** Andrew Maurey, Commission staff.

18 **MR. FLETCHER:** Bart Fletcher, Commission
19 staff.

20 **MS. BARRERA:** Okay. Now could those present
21 via, present via the telephone introduce themselves?

22 **MR. FRIEDMAN:** Yes. We're in, we're in the UI
23 office in Altamonte Springs.

24 **THE WITNESS:** John Hoy, Utilities, Inc.

25 **THE NOTARY:** Ann Raponi, Utilities, Inc.

FLORIDA PUBLIC SERVICE COMMISSION

1 **MR. FRIEDMAN:** And Marty Friedman, attorney.

2 **MS. BARRERA:** OPC?

3 **MR. SAYLER:** For the Office of Public Counsel,
4 Erik Sayler, attorney. Along with me are Ms. Denise
5 Vandiver and Ms. Tricia Merchant.

6 **MS. BARRERA:** Okay.

7 **MR. LUBERTOZZI:** And Steve Lubertozzi,
8 Utilities, Inc., in the Northbrook office, headquarters
9 of Utilities, Inc.

10 **MS. BARRERA:** Okay. Anybody else?

11 Okay. We're here on the deposition of John
12 Hoy in Docket 120161-WS, In re: Analysis of Utilities,
13 Inc.'s financial accounting and customer service
14 computer system. This deposition is being taken
15 pursuant to notice.

16 Please be advised that this deposition was
17 noticed for and is being taken for the purposes of
18 discovery and to perpetuate expert testimony pursuant to
19 Rule 1.330(a)(3)(f) and Rule 1.390(b), *Florida Rules of*
20 *Civil Procedure*, and govern yourselves accordingly.

21 I'm ready to have the witness sworn in.

22 **MR. FRIEDMAN:** Okay.

23 **MS. BARRERA:** Mr. Hoy, is there -- okay. Let
24 me ask a couple of questions. I'm sorry.

25 Mr. Hoy, is there a notary physically present

1 with you?

2 **THE WITNESS:** Yes.

3 **MS. BARRERA:** Okay. Mr. or Ms. Notary, please
4 state your name.

5 **THE NOTARY:** Ann Raponi.

6 **MS. BARRERA:** And are you a certified notary
7 for the State of Florida?

8 **THE NOTARY:** Yes.

9 **MS. BARRERA:** And state the address where
10 you're physically located at this time.

11 **THE NOTARY:** 200 Weathersfield Avenue,
12 Altamonte Springs, Florida 32714.

13 **MS. BARRERA:** Is Mr. John Hoy present with you
14 at your location?

15 **THE NOTARY:** Yes.

16 **MS. BARRERA:** And what information do you have
17 to identify Mr. Hoy?

18 **THE NOTARY:** He's president. Personal.

19 **MS. BARRERA:** Okay. Thank you. Please swear
20 in the witness.

21 **THE NOTARY:** Sure. John Hoy, do you swear and
22 affirm that the testimony that you are about to give to
23 be true and correct to the best of your knowledge?

24 **THE WITNESS:** I do.

25 **MS. BARRERA:** And please fax a copy of the

1 oath to the following fax number: It's 850-413-6213.

2 **THE NOTARY:** Repeat the number.

3 **MS. BARRERA:** Yes. 850 -- 850-413-6213.

4 Whereupon,

5 **JOHN HOY**

6 was called as a witness, having first been duly sworn by
7 the notary present with the witness, and testified as
8 follows:

9 **EXAMINATION**

10 **BY MS. BARRERA:**

11 **Q** Mr. Hoy, please state your name for the
12 record.

13 **A** John Hoy.

14 **Q** And have you ever been deposed before?

15 **A** I have.

16 **Q** Well, then you know that all of your responses
17 should be audible. And if at any point during the depo
18 you need to take a break or need any clarification
19 regarding my questions, please let me know.

20 What is your occupation and business address?

21 **A** I am president of Utilities, Inc. companies in
22 Florida. My business address is 200 Weathersfield
23 Avenue, Altamonte Springs, Florida 32714.

24 **Q** And what are your current responsibilities in
25 this position?

FLORIDA PUBLIC SERVICE COMMISSION

1 **A** I'm responsible for the operations of all the
2 Utilities, Inc. companies in Florida.

3 **Q** And you are appearing on behalf of Utilities,
4 Inc., and you also prefiled testimony in this docket; is
5 that correct?

6 **A** That's correct.

7 **Q** And you have a copy of your testimony with
8 you.

9 **A** I do.

10 **Q** And do you have any additions, deletions, or
11 corrections to your prefiled testimony at this time, or
12 exhibits?

13 **A** I did, I did prepare one schedule that is
14 detail of the acquisition -- or acquisition activity in
15 2014 that supports the number I put in my prefiled
16 testimony of 10,000 customers.

17 **Q** Okay. Will you be submitting a late-filed
18 exhibit addressing this change?

19 **A** Yes.

20 (Exhibit 1 identified for the record.)

21 **Q** You're listed in your company's prehearing
22 statement as the person testifying on the issue:
23 "Should the cost of Project Phoenix be reduced as a
24 result of divestitures subsequent to implementation?"
25 Is that, is that correct?

1 **A** I'm sorry. I missed the first part of that
2 question.

3 **Q** Okay. You're listed in your company's
4 prehearing statement as the person testifying on the
5 issue: "Should the cost of Project Phoenix be reduced
6 as a result of divestitures subsequent to the Project
7 Phoenix implementation?"

8 **A** I am one of the company's witnesses, yes.

9 **Q** Okay. And from January 1st, 2009, through
10 December 31st, 2013, Utilities, Inc. has acquired eight
11 systems, which equates to approximately 3,000 equivalent
12 residential connections. Is that correct?

13 **A** Subject to check, I believe that's correct.

14 **Q** And during the same period of time,
15 January 2009 through December 2013, UI has divested 24
16 systems, which equates to approximately 40,000
17 equivalent residential connections; is that correct?

18 **A** I believe that's correct.

19 **Q** And in this proceeding, UI seeks to allocate
20 the total Phoenix project costs to the surviving systems
21 after divestiture; is that correct?

22 **A** Would you repeat that question?

23 **Q** In this proceeding, UI, Utilities, Inc., is
24 seeking to allocate the total Phoenix project costs to
25 the surviving systems after divestiture.

1 **A** That is correct.

2 **Q** Okay. And based on Utilities, Inc.'s proposed
3 method of accounting for the cost of Project Phoenix,
4 the revenue requirements of the Florida subsidiaries of
5 Utilities, Inc. could increase for no other reason than
6 Utilities, Inc.'s decision to sell to subsidiaries
7 outside of Florida; is that correct?

8 **A** That's, that's, that's one reason that rates
9 could increase.

10 **Q** Okay. And what would be other reasons?

11 **A** Well, other costs going up, other capital
12 investments in the systems. There's a number of reasons
13 why it could impact rates for customers.

14 **Q** Okay. Are you familiar with Mr. Fletcher's
15 testimony on behalf of the Public Service Commission?

16 **A** I have reviewed his testimony, yes.

17 **Q** Okay. Mr. Fletcher's testimony concludes that
18 the allocation of the total Project Phoenix cost to the
19 surviving systems provides no added benefit to the
20 ratepayers associated with bearing the additional cost
21 -- the ratepayers who would be bearing the additional
22 cost. Do you agree with Mr. Fletcher's testimony on
23 this point?

24 **A** I do not agree with that testimony.

25 **Q** Then what would be the added benefit to the

1 remaining customers that -- provided by an increase in
2 the previously allocated amount?

3 **A** The customers continue to get the same benefit
4 they had before the investment in the system. The
5 investment in the system, as Mr. Danielson has
6 testified, would have been no different -- no
7 significant difference if the number of customers had
8 changed.

9 **Q** But it's not an added -- you're not testifying
10 that it would be an added benefit to the customers --
11 the increase in, in their rates is no added, has no
12 added benefit then? It's the same benefit?

13 **A** The customers continue to get that benefit.

14 **Q** But there are no other added benefits.

15 **A** The system is, is the same and it would not
16 change whether the customer -- whether it was an
17 increase in customers or a decrease in customers.

18 **Q** Isn't Utilities, Inc., though, allocating the
19 total expense over a smaller number of customers?

20 **A** That, that can happen over time. And as I, as
21 I did testify, the, the number of customers had
22 decreased in that period of time. And as we are going
23 through a growth period now and a focus on growth now,
24 we anticipate that those customers, that customer count
25 has increased and will continue to increase.

1 **Q** Okay. And -- but during the period that the
2 total expense is allocated over a smaller number of
3 customers, you really cannot achieve economies of scale;
4 is that correct?

5 **A** I'm, I'm not sure I understand the conclusion
6 there.

7 **Q** Okay. One of the benefits that UI represents
8 that the customers received by the implementation of
9 Project Phoenix was that it would achieve economies of
10 scale. And my question is if you're allocating the
11 costs among a lesser amount of customers, is it not true
12 that you cannot achieve the economies of scale as you do
13 with a larger amount of customers?

14 **A** I, I don't believe that's true. Again, the
15 costs would have been the same. The customers received
16 that benefit of economies of scale when we implemented
17 this system across all of our systems. So the Florida
18 companies got a, a small portion of the overall cost of
19 Project Phoenix and received the benefit of economies of
20 scale then. It will go up and down as customers are
21 added or subtracted. But, in the long run, the
22 customers continue to get that benefit through, through
23 the structure of Utilities, Inc.

24 **Q** If Utilities, Inc. were to sell all of its
25 subsidiaries except one company in Florida, is it not

1 the logical conclusion from Utilities, Inc.'s position
2 that all of the Project Phoenix costs would then be
3 allocable to that one Florida subsidiary?

4 **A** That's a hypothetical that we're not in. I
5 mean, we, we have seen a reduction in some customers for
6 strategic reasons. But as I said before, we are growing
7 and adding customers so that the up and down nature of
8 the ratemaking for that does not, does not bode well for
9 customers.

10 **MS. BARRERA:** Hold on one second.

11 (Discussion held off the record.)

12 Thank you. I have no further questions.

13 OPC or Marty, what's your preference?

14 **MR. FRIEDMAN:** This is Marty. I prefer to let
15 Erik go first. And if I have -- I don't have any
16 redirect at this point, but if I -- so I'd suggest we
17 let Erik ask his questions first.

18 **MS. BARRERA:** Okay.

19 **MR. SAYLER:** All right. Office of Public
20 Counsel has a couple of questions. I'm going over with
21 how many questions to ask. Give me like a minute pause,
22 if you don't mind.

23 (Pause.)

24 **EXAMINATION**

1 **BY MR. SAYLER:**

2 **Q** This is Erik Sayler with the Office of Public
3 Counsel. How are you doing today, Mr. Hoy?

4 **A** I'm doing fine. Thank you.

5 **Q** Good. A few background questions regarding
6 your testimony and expertise in the utility industry.

7 Would you please provide a description of your
8 work experience in the utility industry before joining
9 Utilities, Inc.?

10 **A** I've worked over 30 years, all in the utility
11 industry. 25 years of that was at Wisconsin Gas in
12 Milwaukee, Wisconsin. The parent company of Wisconsin
13 Gas was Wicor, Inc., and that company was subsequently
14 bought by We Energies.

15 So overall I spent 25 years with that
16 organization in gas, electric, and water from
17 engineering and operations, in the finance and strategic
18 planning.

19 **Q** And you came to Utilities, Inc. in 2006; is
20 that correct?

21 **A** That's correct.

22 **Q** All right. And in that period of time you've
23 had several different positions, and your latest is the
24 president of Florida?

25 **A** That's correct.

1 **Q** All right. Would you describe the
2 reorganization that occurred within Utilities, Inc. in
3 which you became the president of the Florida company?

4 **MR. FRIEDMAN:** I object as beyond the scope of
5 his testimony. You can go ahead and answer though.

6 **THE WITNESS:** Okay. We, we, we've done some
7 restructuring so that we create a presence, a local
8 presence so that there's more authority, more autonomy,
9 more control at the local level. And in that, looked at
10 Florida and decided that Florida was a state with a
11 large enough presence that it deserved its own, its own
12 structure. And in that reorganization I took on the
13 role of president of the Florida company.

14 **BY MR. SAYLER:**

15 **Q** Okay. Now was this reorganization a cost
16 savings to the Florida companies?

17 **MR. FRIEDMAN:** Object. Beyond the scope of
18 his testimony.

19 **THE WITNESS:** That was, that was not the
20 intent. The intent was to create more of a local
21 presence, and we felt the state level and Florida in
22 particular deserved that presence.

23 **BY MR. SAYLER:**

24 **Q** All right. Earlier you were asked a
25 hypothetical regarding Utilities, Inc. divestitures.

1 You would agree that if Utilities, Inc. divests systems
2 and the number of customers decrease, then you have a
3 smaller number of customers over which to spread the
4 Project Phoenix costs; is that correct?

5 **A** Yes.

6 **Q** All right. And I believe your testimony
7 earlier was the customers were receiving the same
8 benefit but at a higher cost as a result of the
9 divestitures. Would that be an accurate statement?

10 **A** Yes. I also flipped that around to say they
11 were receiving, receiving a benefit earlier with the,
12 with the justifiable costs as well.

13 **Q** All right. When will Project Phoenix be fully
14 depreciated and out of the customer rates?

15 **A** For Florida, and I'm not here to testify on
16 the depreciation rates, but for Florida I believe we
17 have -- the orders have indicated a ten-year
18 amortization -- or depreciation period.

19 So there are two pieces of Project Phoenix:
20 The J. D. Edwards system, which was implemented in 2007;
21 and the CCB system, which was in 2008. So it would be
22 ten years from that point with systems that have
23 ten-year amortization rates.

24 **Q** Subject to check, in a response to staff's
25 discovery, Utilities, Inc. said the appropriate

1 depreciation period is eight years; is that correct?

2 **A** We believe that is correct. That was what
3 we've been using globally across all of our systems, and
4 most Commissions have accepted, from what I understand,
5 accepted that.

6 **Q** But for the Florida systems it's ten years and
7 not eight years; is that right?

8 **A** I believe it is ten years for some systems,
9 and I am not -- I believe we have some that were ordered
10 at lower rates back when those systems were first
11 presented in rate proceedings.

12 **Q** Okay. Is Utilities, Inc. currently adding
13 capital costs or capitalizing costs to Project Phoenix?

14 **A** Not to that project from 2007 and '08, no, as
15 far as I --

16 **Q** But they are adding capital costs to the
17 customer care and financial system?

18 **A** I think, as with any computer system, there
19 are upgrades required, there are other fixes required
20 that, that go through the years. So I believe we have
21 been doing those upgrades kind of when warranted.

22 **Q** Are those identified separately for various
23 rate cases as you file them before the Commission?

24 **A** I don't know the exact nature of how it's, how
25 it's reported for rate case purposes.

1 **MR. SAYLER:** One moment. I'm reviewing to see
2 if I have any additional questions.

3 (Pause.)

4 Thank you, Mr. Hoy. Those are all of Office
5 of Public Counsel's questions. And thank you to
6 Commission staff for allowing us to piggyback on your
7 depositions today.

8 **MR. FRIEDMAN:** I have no, I have no redirect
9 or cross-examination.

10 **MS. BARRERA:** Okay. Mr. Hoy, will you be
11 waiving reading and signing or wanting to read the
12 deposition before you sign?

13 **MR. FRIEDMAN:** Okay. Martha, I'm going to do
14 this the same way we did with Sharon, although this one
15 certainly is, I hope, easier to make clear. But it
16 won't take him long to review it and get it back.

17 **MS. BARRERA:** No. That's fine.

18 Just as a housekeeping concept, we, as you
19 know, plan to introduce these depositions as exhibits at
20 the hearing. Do you all have any objections to the
21 introduction of the depositions, knowing that there are
22 several objections to specific questions which we could,
23 of course, bring up at the same time as we attempt to
24 introduce the exhibits?

25 **MR. FRIEDMAN:** This is Marty. I mean, I

1 don't, I don't think we're going to have any objections
2 to, to using, to using the depositions, if you want to
3 do that. I'll certainly have a decision on that by
4 tomorrow. But as I sit here today, I don't think
5 there's a problem with it.

6 **MS. BARRERA:** Okay.

7 **MR. SAYLER:** Martha, this is Erik. I don't
8 think we have an objection to Mr. Hoy's deposition going
9 into the record as an expert witness.

10 I don't -- I think from the tenor of
11 Ms. Wiorek's deposition, I don't know -- we may have an
12 objection to it coming in as expert testimony because
13 from the tenor of the responses to the questions it
14 doesn't seem that she's an expert. But we're going to
15 think about that, and I can let you know tomorrow.

16 **MS. BARRERA:** Okay.

17 **MR. SAYLER:** And then on the topic of
18 stipulating witnesses, I've already mentioned to Marty
19 that OPC is willing to stipulate to Mr. Danielson's
20 testimony so that he and his entourage from Deloitte do
21 not have to come to Florida to testify. We don't have
22 any questions for him. I don't know if staff does or
23 the Commissioners do. But I mentioned that to Marty,
24 and he was going to talk it over, and he may be prepared
25 to speak to that now or tomorrow.

1 And as far as questions for Mr. Hoy or
2 Ms. Wiorek, I don't know. I just need to consult with
3 my in-house crew. But those may even be able to be
4 stipulated in part or whole, so -- and I'll let you know
5 in the morning.

6 **MS. BARRERA:** Okay. Thank you. Of course, as
7 you know, the stipulated witnesses are subject to the
8 Commissioners' desire or lack of desire to hear the
9 witnesses. So -- but I'd appreciate, you know, your
10 intentions on those things. Okay.

11 **MR. SAYLER:** Oh, also the -- is it a -- Marty,
12 is it a late-filed exhibit to Mr. Hoy's testimony, the
13 detail to support the 10,000 new customers, or was that
14 a late-filed exhibit requested by staff?

15 **MR. FRIEDMAN:** I think that's -- that's the
16 one I think that Martha just asked that we file.

17 **MR. SAYLER:** Okay.

18 **MR. FRIEDMAN:** I think it's a late-filed
19 exhibit to the deposition, as I understand it.

20 **MS. BARRERA:** Right. I think that's the
21 appropriate way, I guess.

22 **MR. SAYLER:** All right. Is that available?

23 **MR. FRIEDMAN:** We don't need to make it a
24 late-filed exhibit. It's just an exhibit to his
25 deposition. And I'll, I'll email it to the court

1 reporter, if you want, and maybe that's the easiest way
2 to handle it. When she does the transcript of the
3 deposition, that'll be included as an exhibit. That's
4 what you would typically do if you, if you were just
5 taking a deposition and having exhibits.

6 **MR. SAYLER:** Is that document available now,
7 Marty?

8 **MR. FRIEDMAN:** Yeah. I'm looking at it. I
9 could -- if the court reporter wants to give me an email
10 address, I'll be glad to email it to her and to y'all
11 simultaneously. However y'all, however y'all want to
12 handle it.

13 **THE COURT REPORTER:** I can give --

14 **MR. SAYLER:** Go ahead. Sorry.

15 **THE COURT REPORTER:** I was just going to give,
16 give out my email address. This is Linda, the court
17 reporter. Would you like that?

18 **MR. FRIEDMAN:** Yeah. Linda, why don't you do
19 that, and then I'll copy everybody else when I, when I
20 send this out this afternoon. But I think that's the --
21 you know, like I say, the normal deposition, that's --
22 you wouldn't do it as a late-filed. You would just do
23 it as an exhibit to the deposition.

24 **MR. SAYLER:** Okay. Can you or Mr. Hoy
25 describe what's on it beyond just detail for the 10,000?

1 I mean --

2 **MR. FRIEDMAN:** It shows the, it shows the
3 deals that closed since '09 that they've bought, the
4 ones they closed in '08 to '13, the ones they closed in
5 that 2014, and the ones that are currently under
6 contract.

7 **MR. SAYLER:** Okay. So sort of an update to
8 the discovery response that had that same question?

9 **MR. FRIEDMAN:** No. It's a little different.
10 It's not really an update to a discovery response. It
11 just includes something -- I don't think that any of the
12 questions asked for, for what was under contract.

13 **THE WITNESS:** I think the discovery response
14 was up to the end of '13. I can't remember if we put
15 '14 in there or not. So it would include '14 and, and
16 those under contracts.

17 **MR. SAYLER:** Okay. OPC is -- you know, we
18 don't necessarily want to agree that an exhibit going in
19 without seeing it, so -- but we're not lodging an
20 objection.

21 **MR. FRIEDMAN:** It's an exhibit to the, it's an
22 exhibit to the deposition, and you can object to it at
23 the time that the deposition gets moved into the record.
24 But, I mean, you can, you can submit your objection to
25 the exhibit, but, I mean, it just, it's attached for

1 whatever purpose.

2 **MR. SAYLER:** Okay.

3 (Email address given off the record.)

4 **MR. FRIEDMAN:** Okay. I'll email it out this
5 afternoon, Linda, and then I'll -- Erik, and Julia, and
6 Martha, I'll shoot y'all a -- I'll copy y'all on the
7 email.

8 **MS. BARRERA:** Okay. Sounds good. And the
9 exhibit to the other deposition, would that be tomorrow
10 or before the end of this week?

11 **MR. FRIEDMAN:** Yeah. I would hope that we'd
12 send it -- that we could get that down, if not today,
13 tomorrow, or when Sharon gets a chance to look at the
14 schedules. And I'll call her as soon as we get off, off
15 the phone and I'll have a better idea. Because, like I
16 said, I've got an idea as to where I think the mistake
17 was in the Deloitte schedule that they prepared, and
18 so --

19 **MS. BARRERA:** Okay.

20 **MR. FRIEDMAN:** I could -- you know, if that's
21 it, it's an easy, it's an easy explanation.

22 **MS. BARRERA:** Okay. Anything else from
23 anybody?

24 All right. This will then terminate the
25 depositions. Thank you for your participation, and

1 we'll talk tomorrow.

2 (Deposition concluded at 11:58 a.m.)

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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, LINDA BOLES, CRR, RPR, Official FPSC
5 Commission Reporter, do hereby certify that I was
6 authorized to and did stenographically report the
7 foregoing deposition at the time and place herein
8 stated.

9 I FURTHER CERTIFY that this transcript
10 constitutes a true record of the testimony given by the
11 witness.

12 I FURTHER CERTIFY that I am not a relative,
13 employee, attorney or counsel of any of the parties, nor
14 am I a relative or employee of any of the parties'
15 attorney or counsel connected with the action, nor am I
16 financially interested in the action.

17 DATED THIS 5th day of May, 2014.

18 *Linda Boles*

19 _____
20 LINDA BOLES, CRR, RPR
21 Hearings Reporter
22 Office of Commission Clerk
23 (850)413-6734
24
25

1 we'll talk tomorrow.

2 (Deposition concluded at 11:58 a.m.)

3 ERRATA SHEET
4 DO NOT WRITE ON TRANSCRIPT - ENTER CHANGES HERE

5 IN RE: DOCKET NO. 120161-WS
6 NAME: JOHN HOY
7 DATE: April 28, 2014

| PAGE | LINE | CHANGE |
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23 Under penalties of perjury, I declare that I have read
24 my deposition and that it is true and correct subject to
25 any changes in form or substance entered here.

DATE _____ JOHN HOY _____

1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, LINDA BOLES, CRR, RPR, Official FPSC
5 Commission Reporter, do hereby certify that I was
6 authorized to and did stenographically report the
7 foregoing deposition at the time and place herein
8 stated.

9 I FURTHER CERTIFY that this transcript
10 constitutes a true record of the testimony given by the
11 witness.

12 I FURTHER CERTIFY that I am not a relative,
13 employee, attorney or counsel of any of the parties, nor
14 am I a relative or employee of any of the parties'
15 attorney or counsel connected with the action, nor am I
16 financially interested in the action.

17 DATED THIS 5th day of May, 2014.

18 

19 _____
20 LINDA BOLES, CRR, RPR
21 Hearings Reporter
22 Office of Commission Clerk
23 (850)413-6734
24
25

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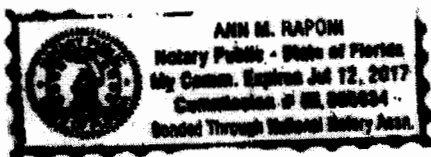
CERTIFICATE OF OATH

STATE OF Florida

COUNTY OF Seminole

I, the undersigned authority, certify that John Hoy
personally appeared before me at 200 Weathersfield Ave, Altamonte, FL 32714. and was duly sworn by
me to tell the truth.

WITNESS my hand and official seal in the City of Altamonte, County of
Seminole, State of Florida, this 28th day of April,
2014.



Ann M. Raponi
Notary Public
State of Florida

Personally known X OR produced identification _____

Type of identification produced _____

Acquisitions
As of 4/25/14

| Closed 2008-13 | | | | | |
|----------------|--------------------------|-----|-------|-------|--|
| DATE | COMPANY/BU NAME | W/S | STATE | ERCs | |
| 2009 | SEWER DISTRICT NUMBER 6 | S | LA | 950 | |
| 2012 | Pointer's Chase | W | GA | 22 | |
| 2013 | Sweetbriar Lakes | W | GA | 59 | |
| 2013 | Philema Park/Pine Maples | W | GA | 149 | |
| 2010 | Mason Landing | W | NC | 9 | |
| 2013 | Umville Ridge | W | NC | 378 | |
| | | | | 1,566 | |

| Closed 2014 | | | | | |
|-------------|-----------------|-----|-------|-------|--|
| DATE | COMPANY/BU NAME | W/S | STATE | ERCs | |
| 2014 | Old Stage | S | GA | 386 | |
| 2014 | Oakwood | W | IL | 1,460 | |
| | | | | 1,846 | |

| Under Contract | | | | | |
|----------------|---------------------|-----|-------|-------------|--|
| DATE | IDE COMPANY/BU NAME | W/S | STATE | ERCs (est.) | |
| Pending | Alexagrace | S | LA | 25 | |
| Pending | LL&W | S | LA | 1,100 | |
| Pending | Density | S | LA | 2,500 | |
| Pending | Heritage Hills | W/S | NY | 5,212 | |
| | | | | 8,837 | |

EXHIBIT
 Hoy Defo
 4-28-14 LB

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120161-WS EXHIBIT No. 21
PARTY:UI/Sharon Wiorek
DESCRIPTION:Deposition Transcript
and Exhibit of Sharon Wiorek, 4/28/14.

21

**Deposition Transcript and Exhibit of
Sharon Wiorek, 4/28/14**

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 120161-WS

ANALYSIS OF UTILITIES, INC.'S
FINANCIAL ACCOUNTING AND
CUSTOMER SERVICE COMPUTER
SYSTEM.

_____ /

TELEPHONIC
DEPOSITION OF: SHARON WIOREK

TAKEN AT THE
INSTANCE OF: The Staff of the Florida
Public Service Commission

PLACE: Room 382-D
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida

TIME: Commenced at 10:00 a.m.
Concluded at 11:22 a.m.

DATE: Monday, April 28, 2014

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

1 APPEARANCES:

2 ERIK L. SAYLER, ESQUIRE, Office of Public
3 Counsel, c/o The Florida Legislature, 111 W. Madison
4 Street, Room 812, Tallahassee, Florida 32399-1400,
5 appearing (via telephone) on behalf of the Citizens of
6 The State of Florida.

7 MARTIN S. FRIEDMAN, ESQUIRE, Sundstrom Law
8 Firm, 766 North Sun Drive, Suite 4030, Lake Mary,
9 Florida 32746, appearing (via telephone) on behalf of
10 Utilities, Inc.

11 MARTHA BARRERA and JULIA GILCHER, ESQUIRES,
12 FPSC General Counsel's Office, 2540 Shumard Oak
13 Boulevard, Tallahassee, Florida 32399-0850, appearing on
14 behalf of the Florida Public Service Commission Staff.

I N D E X

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| NAME: | PAGE NO. |
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| SHARON WIOREK | |
| Examination by Ms. Gilcher | 8 |
| Examination by Mr. Sayler | 24 |
| Examination by Mr. Friedman | 39 |

EXHIBITS

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Exhibit 1

16

P R O C E E D I N G S

1
2 **MS. GILCHER:** Like I said, I'm Julia Gilcher.
3 I'm a staff attorney with the Florida Public Service
4 Commission. We have, we have Witness Sharon Wiorek's
5 deposition today. I'd like to get everyone's name for
6 the benefit of the court reporter. I'll start with the
7 people in the room with me.

8 **MR. SPRINGER:** Michael Springer, Commission
9 staff.

10 **MR. BROWN:** Todd Brown, Commission staff.

11 **MR. CICCHETTI:** Mark Cicchetti, Commission
12 staff.

13 **MR. MAUREY:** Andrew Maurey, Commission staff.

14 **MS. BARRERA:** Martha Barrera, attorney.

15 **MR. FLETCHER:** Bart Fletcher, Commission
16 staff.

17 **MS. GILCHER:** Okay. Can the people on the
18 phone please introduce themselves? We can start with
19 Mr. Friedman.

20 **MR. FRIEDMAN:** Yes. Marty Friedman, the
21 attorney. And with me is Mr. John Hoy, who's the vice
22 president of the Florida division.

23 **MR. HOY:** President of --

24 **MR. FRIEDMAN:** President.

25 (Inaudible).

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THE COURT REPORTER: I couldn't hear that.

MR. HOY: It's John Hoy. I'm president of Utilities, Inc. of Florida, the Florida company.

THE COURT REPORTER: Thank you.

MR. LUBERTOZZI: Steve LubertoZZi from Utilities, Inc. in the Northbrook office.

MR. SAYLER: Erik Sayler, Office of Public Counsel. Also dialed in are Ms. Tricia Merchant and Denise Vandiver.

THE WITNESS: Sharon Wiorek, Utilities, Inc. Northbrook. And with me is LaWanda Valrie. She's our notary.

MS. GILCHER: Okay. As I said before, we're here on the deposition for Sharon Wiorek in Docket No. 120161-WS. This deposition is being taken pursuant to notice.

Please be advised that this deposition was noticed for and is being taken for the purpose of discovery to perpetuate expert testimony pursuant to Rule 1.330(a)(3)(f) and Rule 1.390(b), the *Florida Rules of Civil Procedure*. Please govern yourselves accordingly.

Witness, there's a, there's a notary physically present with you; correct?

1 **THE WITNESS:** Yes.

2 **MS. GILCHER:** Ms. Notary, will you please
3 state your name.

4 **THE NOTARY:** LaWanda Valrie.

5 **MS. GILCHER:** Are you a certified notary for
6 the State of Florida?

7 **THE NOTARY:** For the State of Illinois.

8 **MS. GILCHER:** Could you state the address
9 where you are physically located at this time?

10 **THE NOTARY:** 2335 Sanders Road, Northbrook,
11 Illinois 60062.

12 **MS. GILCHER:** Is Ms. Wiorek present with you
13 at your location?

14 **THE NOTARY:** Yes.

15 **MS. GILCHER:** What information do you have to
16 identify Ms. Wiorek?

17 **THE NOTARY:** Personally known.

18 **MS. GILCHER:** Thank you. Could you please
19 swear in the witness.

20 **THE NOTARY:** Do you affirm that the testimony
21 you're about to give is true and correct to the best of
22 your knowledge?

23 **THE WITNESS:** I do.

24 **MS. GILCHER:** Okay. Can you please fax a copy
25 of the oath to the following number: 850-413-6213.

FLORIDA PUBLIC SERVICE COMMISSION

1 **THE NOTARY:** Okay.

2 **MS. GILCHER:** Thank you.

3 Whereupon,

4 **SHARON WIOREK**

5 was called as a witness, having been duly sworn by the
6 notary present with the witness, and testified as
7 follows:

8 **EXAMINATION**

9 **BY MS. GILCHER:**

10 **Q** Okay. Ms. Wiorek, will you please state your
11 name.

12 **A** Yes, ma'am.

13 **Q** Will you please state your name for the
14 record.

15 **A** Sharon Wiorek.

16 **Q** Wiorek. Okay. I'm sorry. I've been
17 pronouncing it wrong this whole time.

18 Have you been deposed before?

19 **A** No, I have not.

20 **Q** Okay. Well, I appreciate your time this
21 afternoon. As I'm sure you know, all of your responses
22 should be audible. If at any point during the
23 deposition you need to take a break or you need any
24 clarification regarding my questions, please just let me
25 know.

1 I also want to let you know that at the
2 beginning during this deposition I may use some
3 abbreviations: For example, WSC for Water Service
4 Corporation. I'll do my best to use the entire word,
5 but if you have any questions regarding the meaning of a
6 term, please let me know.

7 What is your occupation and business address?

8 **A** My occupation is financial analyst. The
9 business address is 2335 Sanders Road, Northbrook,
10 Illinois.

11 **Q** What are your responsibilities in this
12 position?

13 **A** I am responsible for analyzing, coordinating,
14 and filing various rate related documents and forms.

15 **Q** Okay. You're appearing on behalf of
16 Utilities, Inc. in your prefiled testimony. And you
17 have prefiled testimony in this docket; is that correct?

18 **A** That is correct.

19 **Q** Do you have a copy of your testimony and
20 exhibits with you?

21 **A** Yes, I do.

22 **Q** Do you have any additions, deletions, or
23 corrections to your prefiled testimony or exhibits?

24 **A** No, I do not.

25 **Q** Okay. Thank you.

1 Okay. We're going to talk about the Phoenix
2 project and rate case expense. How many Utilities, Inc.
3 employees were involved in implementing Project Phoenix?

4 **A** I do not have that information.

5 **Q** Does Utilities, Inc. currently have employees
6 that are familiar with the capabilities and operation of
7 the Project Phoenix system?

8 **A** I'm sorry. Could you restate that, please?

9 **Q** Does Utilities, Inc. currently have employees
10 that are familiar with the capabilities and the
11 operation of the Project Phoenix, Project Phoenix
12 system?

13 **A** I don't know. I believe so.

14 **Q** Is there a contact person at Utilities, Inc.
15 that worked closely with -- and forgive me if I'm
16 pronouncing this wrong -- Deloitte regarding the design
17 and implementation of Project Phoenix?

18 **A** The project person at Deloitte, I believe, was
19 Larry Danielson.

20 **Q** Was there a contact person at Utilities, Inc.
21 that worked closely with Daniel -- or Larry Danielson?

22 **A** I'm not sure who worked with Larry in the
23 Project Phoenix implementation.

24 **Q** Is it your testimony that the rate case
25 expenses associated with this docket are reasonable and

1 prudent?

2 **A** Yes.

3 **Q** Does Utilities, Inc. have employees that work
4 using the Project Phoenix system?

5 **A** Project Phoenix is not a system.

6 **Q** Okay. Okay. For the next few questions I'm
7 going to need you to refer to various pages of Exhibits
8 SW-2 and SW-3. Do you have those exhibits available?

9 **A** I do.

10 **Q** Okay. If you could turn to SW-3 and look at
11 lines 1 through 4 of the analysis of rate case expense.
12 It's page A of 31.

13 **A** Which line?

14 **Q** I'm sorry. What was the question? Which
15 what?

16 **A** Which line did you refer to?

17 **Q** Lines 1 through 4.

18 **MR. SAYLER:** Excuse me. This is Erik with
19 OPC. What page are you on?

20 **MS. GILCHER:** Page A of 31. It was --

21 **MR. SAYLER:** My exhibit is marked pages
22 1 through 31. I don't have a page A.

23 **MS. GILCHER:** It was filed separately by
24 itself.

25 **MR. FRIEDMAN:** Erik, this is -- Erik, this is

1 Marty. I filed that separately when I realized I had
2 omitted filing it as a part of her testimony. It's
3 basically the rate case expense schedule that you would
4 see in a rate case.

5 **MR. SAYLER:** Okay. Thank you.

6 **MR. FRIEDMAN:** And I filed it like the day
7 after or two days after I filed her testimony.

8 **MS. GILCHER:** It was filed on April 17th.

9 **MR. FRIEDMAN:** Okay. Yeah. It's the summary
10 of rate case expense.

11 **MR. SAYLER:** Thank you.

12 **BY MS. GILCHER:**

13 **Q** Ms. Wiorek, are you looking at that page?

14 **A** Yes, I do have that page.

15 **Q** Okay. Lines 1 through 4 show actual and
16 estimated remaining hours for the Deloitte Consulting,
17 LLP principal, manager, and senior consultant involved
18 in this docket and some miscellaneous expenses.

19 Would you agree that the total actual and
20 estimated expense for these lines total approximately
21 \$150,000?

22 **A** I do not have a total for those four lines,
23 but it appears that your statement is correct.

24 **Q** Okay. Looking at the support documentation
25 for these same expenses in Exhibit SW-3, page 29 of 31

1 --

2 **A** I do not have in front of me the detail
3 supporting the schedule.

4 **Q** Do you have page 29 of 31?

5 **A** No, I do not. I have page 1 of 1 -- 1 of 31.

6 **MS. BARRERA:** Okay. This is Martha Barrera.

7 **MR. FRIEDMAN:** Sharon -- let me interject.

8 Sharon, this is in -- this is your exhibit to your
9 rebuttal testimony, which consisted of 31 pages.

10 **THE WITNESS:** I did not print out all
11 31 pages.

12 **MS. BARRERA:** Well, let's take a break then
13 while you go print out 31 pages so we can proceed with
14 this.

15 **MS. MERCHANT:** Yes. This is Tricia Merchant.
16 Can we get the date that that supplemental schedule was
17 filed again? I'm not -- I'm having trouble finding it
18 on the website.

19 **MS. GILCHER:** It was filed on April 17th,
20 2014.

21 **MS. BARRERA:** Was there a cover letter with
22 it, do you know?

23 **MS. GILCHER:** Yes. There's a notice of
24 filing.

25 **MR. FRIEDMAN:** Yes. There was a cover letter

1 with it.

2 **MR. SAYLER:** This is Erik. For the witness,
3 we do have questions, a few questions about her exhibits
4 to her direct and rebuttal testimony. So if she has the
5 entire exhibit, that would be helpful.

6 **MS. BARRERA:** Yeah. We just -- we're taking a
7 break, Erik, to allow her to copy all the exhibits.

8 **MR. SAYLER:** Okay. I know she said she was
9 going to print all of Exhibit 3, SW-3, but hopefully she
10 has SW-1 and SW-2 as well.

11 **MS. BARRERA:** Well, if not, we'll take another
12 break.

13 All right. We'll take a ten-minute break.

14 (Break taken.)

15 **BY MS. GILCHER:**

16 **Q** Ms. Wiorek, earlier you stated that Project
17 Phoenix is not a system. Could you explain then what is
18 Project Phoenix, if it's not a system?

19 **A** Project Phoenix was the name given to
20 implement new financial and accounting systems for
21 utilities.

22 **Q** Okay. Thank you.

23 I can't continue my questions until you have
24 your exhibits in front of you. So when you do, please
25 let me know. Okay?

1 **THE WITNESS:** Okay.

2 **MS. GILCHER:** Thank you.

3 (Break taken.)

4 **MS. GILCHER:** Okay. If everyone's ready --

5 **MR. FRIEDMAN:** Sharon? Sharon, do you also
6 have the, your rate case expense in your first -- in
7 your original testimony as well, SW-2?

8 **THE WITNESS:** Yes, I do.

9 **MR. FRIEDMAN:** Okay.

10 **MS. GILCHER:** Okay. If everyone's ready, I'd
11 like to continue.

12 **BY MS. GILCHER:**

13 **Q** Okay. Before we took our break, Ms. Wiorek,
14 you stated that you believe the approximate of \$150,000
15 on lines 1 through 4 was correct; right?

16 **A** That's correct.

17 **Q** Okay. Looking at the support documentation
18 for the same expenses, this will be Exhibit SW-3, page
19 29 of 31.

20 **A** Yes.

21 **Q** Okay. Would you agree that the total actual
22 and estimated expense totals approximately \$101,000?

23 **A** That is approximately correct.

24 **Q** Okay. Can you explain to me why these amounts
25 differ by almost \$50,000?

1 **A** I would have to look into this further.

2 **Q** Ms. Wiorek, have you familiarized yourself
3 with the exhibits to your testimony for this deposition?

4 **A** I have to some degree.

5 **Q** Okay. I guess I'll continue.

6 What is the hourly rate being charged by
7 Mr. Danielson to testify in this proceeding?

8 **A** I'm not entirely sure. The principal is at
9 \$684 an hour.

10 **Q** Okay. Real quick, I want to go back on my
11 previous question to you regarding the difference of the
12 150 and \$101,000. Can, can we have a late-filed
13 exhibit, please, with an explanation?

14 **MR. FRIEDMAN:** Yeah. We can do that.

15 **MS. GILCHER:** Thank you.

16 (Late-filed Exhibit 1 identified for the
17 record.)

18 **MR. SAYLER:** For the record, Office of Public
19 Counsel reserves the right to object to that late-filed
20 exhibit.

21 **MS. GILCHER:** Okay. Noted.

22 **BY MS. GILCHER:**

23 **Q** Okay. Ms. Wiorek, you said the principal was
24 \$684 an hour. Did I hear you right?

25 **A** Yes. Yes, ma'am.

1 Q And is Mr. Danielson the principal?

2 A I believe he is, yes.

3 Q Okay. So if you look at page 29 of SW-3 again
4 under actual hours, 43 hours are listed for the
5 preparation of testimony and exhibits; is that correct?

6 A That is correct.

7 Q Okay. And Mr. Danielson's testimony was just
8 barely nine pages and accompanied by a total of six
9 pages in exhibits. Can you explain why it took 43 hours
10 for Mr. Danielson to prepare his testimony and exhibits?

11 A No, I cannot. I do not have that information
12 available.

13 Q Okay. Still on page 29 under estimated hours,
14 18 hours are included for the preparation of prefiled
15 rebuttal testimony and exhibits. Did Mr. Danielson or
16 any other Deloitte consultant file rebuttal testimony in
17 this docket?

18 A I do not know if they did.

19 **MS. BARRERA:** Excuse me one second.

20 **MR. SAYLER:** This is Office of Public Counsel.
21 We hear some whispering in the background. We weren't
22 sure if someone was whispering to the witness.

23 (Discussion held off the record.)

24 **BY MS. GILCHER:**

25 Q Okay. Another 18 hours is estimated for

1 preparation and attendance to the hearing. Why would it
2 be necessary for two principals to prepare for and
3 attend a hearing when only one principal provided direct
4 testimony in this docket?

5 **A** I do not know that information.

6 **Q** Okay. Still looking at SW-3 but this time
7 lines 1 through 3 on the analysis of rate case
8 expense -- I believe this is still page 29.

9 I'm sorry. On page A of 31, the separate
10 filed exhibit.

11 **A** Yes.

12 **Q** As identified on this page, what is the type
13 of service rendered for Deloitte Consulting's principal,
14 manager, and senior consultant?

15 **A** That would be professional fees and services.

16 **Q** Okay. Can you turn to page 30 of SW-3 and 31.

17 **A** Yes.

18 **Q** Were any descriptions provided for the actual
19 work performed or services expected to be rendered by
20 each Deloitte employee for the referenced time periods?

21 **A** I don't recall.

22 **Q** What is the total dollar amount of expense
23 expected to be charged by Deloitte for this proceeding?

24 **A** I don't understand your question. I'm sorry.

25 **Q** The total dollar amount being charged by

1 Deloitte for the proceeding, the services that Deloitte
2 is rendering to UI, how much are they charging in total?

3 **A** Other than what's identified on the rate case
4 expense analysis, I don't have any other information.

5 **Q** Could you just tell me the number that is
6 listed on the rate case expense analysis as the total?

7 **A** That would be on page 1 of 31 -- or A of 31;
8 correct?

9 **Q** Yes. A of 31.

10 **A** I don't have a calculator in front of me. I
11 can add them manually.

12 **Q** Would you agree that it's approximately
13 150,000?

14 **A** It's approximately, yes.

15 **Q** Okay. Are you aware that Mr. Danielson
16 concluded in his testimony that the impact on the cost
17 of Project Phoenix is very minimal to UI if the customer
18 base decreased by 10 percent?

19 **A** Could you please say that again?

20 **Q** Are you aware that Mr. Danielson's testimony
21 concluded that the impact on the cost of Project Phoenix
22 is very minimal to Utilities, Inc. if the customer base
23 decreased by 10 percent?

24 **A** Yes.

25 **Q** Is there no one at Utilities, Inc. that could

1 have reached that same conclusion?

2 **A** I don't know.

3 **Q** Okay. Can you look at SW-2, please, page 1 of
4 26, line 7.

5 **A** Yes.

6 **Q** Okay. So line 7 shows actual and estimated
7 remaining hours for WSC in-house staff totaling
8 approximately 216 hours. Do you agree with that?

9 **A** Yes, I agree.

10 **Q** Okay. Now can you turn to SW-3, page A of 31.

11 **A** Yes.

12 **Q** This exhibit updates the expense and reflects
13 a total of approximately 410 hours. Can you please
14 explain what necessitated an increase of almost 200
15 hours for the WSC in-house staff in the two months since
16 W -- since SW-2 exhibit was filed?

17 **A** The reason for the increase was due to the --
18 excuse me -- the requests for information that were
19 issued from the PSC and the OPC over the last few
20 months.

21 **Q** Okay. Line 8 on SW-3 shows approximately
22 410 hours for the WSC in-house staff and provides a
23 description for the type of service provided. Can you
24 please read that description for me.

25 **A** "Assists with data requests and audit

1 facilitation."

2 Q Okay. So the description references audit
3 facilitation. Was there an audit conducted by PSC staff
4 in this docket?

5 A Audit is a generic term. I don't know if
6 there was an audit performed.

7 MS. BARRERA: One second.

8 (Discussion held off the record.)

9 BY MS. GILCHER:

10 Q Okay. Back on the record, please.

11 Ms. Wiorek, you submitted testimony, both
12 direct and rebuttal, solely on rate case expense. You
13 submitted exhibits to support your testimony. Did you
14 investigate into the rate case expense to make sure that
15 these calculations were correct before you testified?

16 A Which calculations are you referring to?

17 Q All of them, all the ones that you testified
18 about.

19 A The calculations are correct from the
20 information that was gathered and was given to me.

21 Q My question was did you investigate into those
22 to make sure they were correct before you testified?

23 A Yes, I did.

24 Q But you are not aware if an audit took place?

25 A An audit in what regard though?

1 Q Relating to anything in your testimony.

2 A Things were reviewed/audited.

3 Q Who conducted an audit or a review?

4 A I did on some things.

5 Q On what?

6 A On the information that was provided me.

7 Q Can you be more specific?

8 A The information that was provided to me from
9 our attorney and Deloitte.

10 Q Are you aware of any audits conducted by the
11 PSC staff?

12 A There were data requests. They may have been
13 classified as audit requests. I don't recall.

14 Q How many hours included in rate case expense,
15 actual and estimated, relate to audit facilitation?

16 A I don't have that information available.

17 Q Would you agree that the assistance provided
18 by WSC in-house staff employees in the course of this
19 generic docket and in most UI rate cases are part of
20 those employees' routine job functions?

21 A I don't know.

22 Q Can you explain why WSC in-house staff
23 expenses are included in this generic docket?

24 A Because the in-house staff spent time working
25 on this docket.

1 **Q** And that, that time spent isn't included in
2 their normal salaries and pay rates?

3 **A** Can you please clarify that last part?

4 **Q** When a WSC in-house staff person works on a UI
5 rate case or was working on this generic docket, were
6 they getting paid an extra amount outside of their
7 normal salary?

8 **A** No.

9 **Q** Okay. Can you look at SW-3, A of 31, line 9.

10 **A** Yes.

11 **Q** Okay. The \$12,000 of estimated travel or
12 transportation expenses reflected on line 9, can you
13 provide any additional information on that extra \$12,000
14 or -- such as the number of WSC employees traveling to
15 Tallahassee for the hearing, airfare, lodging, costs, et
16 cetera?

17 **A** That is an estimate based on prior rate case
18 travel expense.

19 **MS. GILCHER:** Okay. I believe that's all of
20 my questions. Thank you for your time, Ms. Wiorek.

21 **THE WITNESS:** Thank you.

22 **MS. BARRERA:** What are we going to do next?
23 Does OPC -- Marty, do you want to redirect or wait 'til
24 after OPC finishes their questions?

25 **MR. FRIEDMAN:** I do have one or two

1 clarification questions, but it would probably be better
2 to wait 'til Erik does his and try to do all of mine at
3 one time.

4 **MS. BARRERA:** Okay. Go ahead. Yeah.

5 **MR. SAYLER:** Okay. Before we get started,
6 this is Erik Sayler with the Office of Public Counsel.
7 We have questions that -- why don't we go off the record
8 for a moment.

9 (Discussion held off the record.)

10 **MS. BARRERA:** Back on the record.

11 **MR. SAYLER:** Back on the record.

12 **EXAMINATION**

13 **BY MR. SAYLER:**

14 **Q** This is Erik Sayler, Office of Public Counsel.
15 Ms. Wiorek, thank you today. I just had
16 several questions.

17 Do you now have a complete copy of your
18 Exhibits SW-1, SW-2, SW-3?

19 **A** Yes, I believe so.

20 **Q** All right. Thank you. Do you recall earlier
21 at the start of your deposition some questions
22 Ms. Gilcher asked you regarding Project Phoenix?

23 **A** Yes.

24 **Q** All right. Were those questions outside the
25 scope of your direct and rebuttal testimony?

1 **A** I don't know.

2 **Q** Okay.

3 **A** I don't recall the exact question.

4 **Q** Okay. When you were answering those
5 questions, we had heard some whispering in the
6 background. Was someone there who helped you with this
7 issue concerning Project Phoenix?

8 **A** Absolutely not. I am alone in this office.

9 **Q** Oh, okay. Thank you.

10 When project Phoenix was first being
11 originally conceived, were you with Utilities, Inc.?

12 **A** No, I was not.

13 **Q** Oh. Okay. And were you with Utilities, Inc.
14 when it was implemented?

15 **A** No, I was not.

16 **Q** All right. Would you describe -- in your
17 opinion, would you describe yourself as having as much
18 expertise regarding Project Phoenix?

19 **A** During this process I have a better
20 understanding of it, but, no, I don't have detailed
21 information.

22 **Q** Okay.

23 **A** Other than the scope of the data requests.

24 **Q** All right. Thank you.

25 My next question is regarding your Exhibit

1 SW-3, page A of 31.

2 **A** Yes.

3 **Q** Do you recall when -- some questions regarding
4 number of hours in-house staff work being performed?

5 **A** Yes.

6 **Q** How many individuals were actually providing
7 that in-house staff work?

8 **A** I do not have the detail by person in front of
9 me.

10 **Q** Okay. Okay. But in providing your exhibits
11 to your direct and rebuttal testimony, you didn't
12 provide that information in those exhibits; is that
13 correct?

14 **A** I don't recall.

15 **Q** All right. I'm going to back up a little bit.
16 In your testimony you state that prior to
17 September 2012 you worked in the cable television
18 industry; is that correct?

19 **A** That is correct.

20 **Q** All right. And in that period of time you
21 worked for eight years in the regulatory department?

22 **A** That is also correct.

23 **Q** All right. During this period before coming
24 to work for Utilities, Inc., which companies, cable
25 companies did you work for?

1 **A** TCI, AT&T, Comcast, Wide Open West.

2 **Q** Okay. And what were your duties while working
3 for the cable TV industry?

4 **A** My duties involved accounting, management,
5 regional management, rate regulation, rate regulation
6 management.

7 **Q** Okay. And those were your -- were those your
8 duties in the regulatory department for those cable
9 companies?

10 **A** The regulatory department, I was the
11 regulatory department manager.

12 **Q** Okay. In your testimony you testified since
13 starting with Utilities, Inc. you have helped prepare
14 rate applications, facilitated regulatory audits,
15 submitted testimony and exhibits to support rate
16 applications. Do you recall testifying to that?

17 **A** Yes, I do.

18 **Q** Okay. How many rate applications have you
19 prepared since starting with Utilities, Inc.?

20 **A** I don't recall exactly.

21 **Q** Okay. One, ten, 20? An estimate.

22 **A** I have facilitated the filing of a few rate
23 cases, some indexes, some pass-throughs.

24 **Q** All right. Would that be under five or over
25 five?

1 **A** In total, probably over five.

2 **Q** Okay. How many race case -- rate case audits
3 have you facilitated?

4 **A** I don't know exactly. I don't think I
5 facilitated --

6 **Q** How many rate case audits have you
7 participated in?

8 **A** Again, I don't have the exact number. I don't
9 know.

10 **Q** Since joining Utilities, Inc. have you
11 provided direct testimony or rebuttal testimony in any
12 rate case other than the proceeding we're in right now?

13 **A** Yes, I did.

14 **Q** Which -- how many cases have you provided
15 direct testimony and exhibits?

16 **A** I believe one.

17 **Q** Which one was that?

18 **A** That was in Louisiana.

19 **Q** Do you know the docket number for that case?

20 **A** No, I do not.

21 **Q** All right. Have you gone to hearing in that
22 case where you've been deposed or cross examined?

23 **A** No, I have not.

24 **Q** When is that expected to go to hearing?

25 **A** I am no longer responsible for that.

1 **Q** Okay.

2 **A** So I don't have that information.

3 **Q** All right. Have you previously been deposed
4 while working for Utilities, Inc.?

5 **A** No, I have not.

6 **Q** It would be true to say that you have not
7 appeared in any administrative rate case hearing
8 previously and have not been cross examined; is that
9 correct?

10 **A** That is correct.

11 **Q** In the Louisiana rate case that you had
12 initially provided testimony for, what, what issues were
13 you testifying for or what topics?

14 **A** I don't recall at this time.

15 **Q** Was it related to rate case expense?

16 **A** I don't recall. I'm sorry.

17 **Q** Okay. In your current job experience or while
18 working for the cable industry, have you ever been
19 involved in the hiring of expert witnesses to provide
20 testimony before an administrative hearing or in a court
21 situation?

22 **A** No.

23 **Q** Do you have any experience in hiring any
24 technology experts for any work other than expert
25 witnesses services?

1 **A** No.

2 **Q** In your work experience, have you been
3 involved in reviewing, recommending, or approving
4 requests for proposals as part of your experience?

5 **A** Can you clarify that question?

6 **Q** Sure. One moment.

7 Requests for proposals such as bids or
8 contracts or where the industry -- the company you
9 worked for needed some work done, some type of request
10 for proposal for some work to be done, were you involved
11 in that process?

12 **A** No.

13 **Q** In your experience have you been involved
14 reviewing or recommending or approving any of those
15 requests for contracts as part of your job experience?

16 **A** I don't think so, no.

17 **Q** Okay. In your job experience have you
18 previously reviewed expenses submitted by consultants
19 that your company retained?

20 **A** I don't recall.

21 **Q** Do you recall ever rejecting any expenses
22 submitted by a consultant that you reviewed?

23 **A** I don't recall.

24 **Q** Prior to Utilities, Inc. retaining Mr.
25 Danielson and his team from Deloitte to testify in this

1 docket, was there a bid or a request for proposal
2 process performed by Utilities, Inc.?

3 **MR. FRIEDMAN:** I object. That's beyond the
4 scope of her testimony.

5 **MR. SAYLER:** All right. Objection noted.

6 **BY MR. SAYLER:**

7 **Q** Would you please answer, Ms. Wiorek?

8 **A** I don't know if there was.

9 **Q** Okay. Would you please describe what level of
10 involvement you had in hiring the expert witness and his
11 team from Deloitte in this docket?

12 **A** I wasn't here. I don't know.

13 **Q** In preparing your testimony in this case, have
14 you reviewed any Public Service Commission orders?

15 **A** Could you please clarify that question?

16 **Q** Sure. When preparing your testimony in this
17 case regarding rate case expense, did you review any
18 sort of Public Service Commission orders as to the
19 treatment of rate case expense or how the Commission
20 treats rate case expense?

21 **A** I don't think I reviewed any orders.

22 **Q** Are you aware that it is the utility's burden
23 to support its request for rate case expense?

24 **A** Yes, I am aware.

25 **Q** All right. How much experience do you have in

1 reviewing the reasonableness of rate case expense
2 submitted by consultants or expert witnesses?

3 **A** Could you clarify that, please?

4 **Q** Do you have any experience in reviewing
5 reasonableness of rate case expense?

6 **A** Some.

7 **Q** Okay. Now my questions, this general block of
8 questions I have for you will be regarding your Exhibits
9 SW-1, SW-2, SW-3. Would you please explain how these
10 rate case expense sheets that are attached to your
11 testimony came into your possession?

12 **A** They were emailed to me.

13 **Q** Okay. Did you prepare any of these expense
14 sheets that the consultants or expert witness submitted
15 to you?

16 **A** No, I did not.

17 **Q** And did you review any of the expense sheets
18 submitted by the consultants or expert witnesses before
19 they were attached to your testimony?

20 **A** Could you clarify that, please?

21 **Q** Prior to attaching them to your testimony in
22 Exhibits SW-1, 2, and 3, did you review them for typos?
23 Did you review them for accuracy? Did you review them
24 for any purposes in preparing your testimony?

25 **A** I reviewed the cover pages.

1 **Q** Okay. Which cover pages?

2 **A** For example, it would be -- I believe it was
3 page 29 of Exhibit 3, 29 of 31.

4 **Q** Okay. I'm looking at SW-3, page 29 of 31. Is
5 that the cover page entitled "Utilities, Inc. Docket No.
6 120161, Generic Project Phoenix Docket, Deloitte
7 Consulting, LLP, Actual and Estimated Rate Case
8 Expense," is that the page you're referring to?

9 **A** That is. I reviewed that for mathematical
10 accuracy.

11 **Q** Okay. Thank you.

12 Now in this case did you or Utilities, Inc.
13 reject any of the expenses submitted by the consultants
14 or expert witnesses?

15 **A** I don't know.

16 **Q** Okay. Would you please refer to your Exhibit
17 SW-1, page 3 of 4. Are you there?

18 **A** Yes.

19 **Q** All right. And do you see the per hour
20 billing rates for the principal, senior manager, and
21 manager?

22 **A** Yes.

23 **Q** All right. What is Mr. Friedman's billable
24 hourly rate?

25 **MR. FRIEDMAN:** Objection. Irrelevant.

1 **BY MR. SAYLER:**

2 **Q** Would you agree that Mr. Friedman's billable
3 hourly rate, subject to check, is about \$350 per hour?

4 **A** I believe so.

5 **Q** Okay. And do you see the billable rates for
6 the principal and senior manager and manager on page
7 3 of 4? Would you agree that those billable hourly
8 rates for Deloitte's principal consultant is nearly
9 double of that of Mr. Friedman?

10 **A** Could you please restate that?

11 **Q** Sure. Would you agree that the principal
12 hourly rate for the Deloitte principal is \$684, and that
13 mathematically is more than double of that
14 Mr. Friedman's billable hourly rate?

15 **A** Mathematically it's not quite double.

16 **Q** You are correct. I, I appreciate that
17 clarification. You are right. It's nearly double.

18 Have you compared the Deloitte billable hourly
19 rates with that of other large CPA and consulting firms
20 similar to Deloitte?

21 **A** No, I have not.

22 **Q** Did you compare the rate charged by Deloitte
23 with any other rates the Commission has previously
24 approved in prior rate cases?

25 **A** No, I have not.

1 Q Would you please turn to SW-2, page 3 and 4 of
2 26?

3 A Yes.

4 Q All right. Would you agree that this is an
5 invoice from Deloitte & Touche?

6 A Yes.

7 Q You did not create these two pages?

8 A No.

9 Q Okay. Would you please look at page 4 of 26
10 under the column "Services Provided"? Do you see that
11 column?

12 A Yes.

13 Q Can you give us more detail about what
14 services were provided than the information shown on
15 that page?

16 A No, I cannot.

17 Q Do you know what information gathering and
18 research is?

19 A Other than what it indicates, no, I do not.

20 Q All right. Do you know what was analyzed by
21 Mr. Danielson, Mr. LaBelle, and Mr. Sury ---- Mr. Sury?

22 A No, I do not.

23 Q Do you know what documents were developed?

24 A No, I do not.

25 Q Do you know what documents were reviewed and

1 updated?

2 **A** No, I do not.

3 **Q** Did you ever ask the consultants what they did
4 for their billable hours?

5 **A** No, I did not.

6 **Q** Would you agree that when these billable hours
7 were prepared, you were not working at Utilities, Inc.?

8 **A** I was not working at Utilities, Inc. in May of
9 2012, no.

10 **Q** But it is true you do not know who prepared
11 this document?

12 **A** That's a correct statement.

13 **Q** All right. It is also true that you do not
14 know if these hours are accurate and correct; is that
15 correct?

16 **A** I would assume they're correct, but I don't
17 know.

18 **Q** Okay. One moment.

19 (Pause).

20 Thank you. I'm trying to speed through the
21 remainder of my questions.

22 Would you please turn to SW-3 attached to your
23 rebuttal testimony, the last two pages, pages 30 and 31.
24 Do you see those two pages?

25 **A** I have those two pages.

1 **Q** What are these two documents?

2 **A** These are documents that I received from
3 Deloitte.

4 **Q** Okay. What are they? Are they invoices? Are
5 they explanation of services? What are they?

6 **A** They appear to be a schedule of hours worked
7 on this docket.

8 **Q** Okay.

9 **A** Or anticipated.

10 **Q** What year was this document dated?

11 **A** It does not have a year on it.

12 **Q** So this could be 2012?

13 **A** I don't believe it is 2012. I believe it's
14 2014.

15 **Q** But you cannot swear that it is 2014.

16 **A** I would have to check something to verify.

17 **Q** Okay. Are these -- excuse me.

18 What do these hours relate to shown on these
19 two pages?

20 **A** These hours relate to their time spent on
21 Project Phoenix, the global docket.

22 **Q** When you mean global docket, you mean the
23 generic docket?

24 **A** Yes. Docket 120161.

25 **Q** All right. Thank you.

1 What -- you just testified that these hours
2 represent work on the generic docket. What services
3 were provided?

4 **A** I would have to look. I don't know offhand.

5 **Q** All right. Where is the detailed explanation
6 describing what services were provided?

7 **A** I don't know where the information is right
8 now.

9 **Q** Earlier you testified, in response to a
10 question from Ms. Gilcher, that you were not sure how
11 much Deloitte has charged Utilities, Inc. for in this
12 docket; is that correct?

13 **A** I believe that's correct, yes.

14 **Q** Would it be an accurate statement to say that
15 you do not know the person or persons who prepared these
16 documents that are attached to your testimony; is that
17 correct?

18 **A** I received these from Deloitte.

19 **Q** You received the invoices from -- for
20 Mr. Friedman's work from Deloitte as well?

21 **A** No. You were referring to the Deloitte
22 information.

23 **Q** Okay. Thank you. Thank you for being clear.
24 My question is related to all the documents
25 attached to your, your exhibits, the ones from Deloitte,

1 the ones from Mr. Friedman, any others that may be in
2 there. Do you know the person or persons who prepared
3 those documents, or do you know which persons prepared
4 those documents?

5 **A** I do not know the names of the people who
6 actually produced these documents.

7 **Q** Okay. But you did not prepare them; correct?

8 **A** No, I did not.

9 **Q** Okay. When it comes to the accuracy of the
10 information shown on these documents, would it be fair
11 to say that you cannot swear to the accuracy of that
12 information?

13 **A** Could you clarify which -- are you referring
14 to all documents?

15 **Q** Yes, ma'am.

16 **A** It is my understanding that they're true and
17 accurate.

18 **MR. SAYLER:** All right. Well, thank you very
19 much for your answers to our questions. I will turn it
20 back over to staff. Thank you, Ms. Wiorek, and I
21 apologize for pronouncing your name wrong.

22 **THE WITNESS:** Thank you, and it's okay.

23 **EXAMINATION**

24 **BY MR. FRIEDMAN:**

25 **Q** This is Marty Friedman. Ms. Wiorek, I've got

1 a couple of questions.

2 If you would look at, on SW-3, page A, and
3 then on SW-2, page 1 of 26. Those are the two schedules
4 that appear to look similar format.

5 **A** Yes, I have that.

6 **Q** Do you see that?

7 All right. And do you notice on the Section
8 9 that says "Type of Services Rendered," that there are
9 some differences in the descriptions between SW-2 and
10 SW-1 -- I mean, SW-3?

11 **A** Yes, there are differences.

12 **Q** Would you agree with me that the descriptions
13 in SW-2 --

14 **MR. SAYLER:** Objection. Leading question.

15 **BY MR. FRIEDMAN:**

16 **Q** -- more accurately reflect what those, what
17 your understanding of what those consultants did?

18 **MR. SAYLER:** Objection. Leading question.

19 **BY MR. FRIEDMAN:**

20 **Q** You can answer it.

21 **A** That is, that is correct.

22 **Q** For instance, for the, for the Water Service
23 Corp. in-house on Exhibit 2, page 1, you describe what
24 is done as assist with data requests, prefiled
25 testimony, trial preparation, testimony, and

1 post-hearing brief. Does it not say that?

2 **A** Yes, it does.

3 **Q** Okay. And do you believe that that is what is
4 also intended on SW-3, page A, for the, for the Water
5 Service Corp. in-house folks?

6 **A** Yes.

7 **MR. SAYLER:** Objection. Leading question.

8 **BY MR. FRIEDMAN:**

9 **Q** Now you remember Ms. Gilcher asking you
10 questions about the salary of in-house staff, that it's
11 -- that they're being paid a salary? Do you remember
12 that question?

13 **A** Yes, I do.

14 **Q** All right. In connection with, with the
15 people who work in your department, isn't it true that
16 y'all treat your expenses for this type of proceeding in
17 rate cases as cap time?

18 **A** That is correct.

19 **MR. SAYLER:** Same objection.

20 **BY MR. FRIEDMAN:**

21 **Q** Do you recall whether in connection with
22 responding to a discovery request from the Commission
23 staff whether you provided backup documentation on the
24 Water Service Corp. in-house rate case expense?

25 **A** Yes, I did.

1 **MR. FRIEDMAN:** Okay. That's all the questions
2 I have. Thank you.

3 **MS. GILCHER:** Okay. I believe that concludes
4 Ms. Wiorek's deposition.

5 Are you going to, are you going to waive
6 reading the transcript, Ms. Wiorek, or would you like to
7 read it?

8 **MR. FRIEDMAN:** Well, you know, my only concern
9 is that it's a telephonic deposition. Normally I would
10 recommend that my -- the deponent waive it. I'm only
11 concerned because it was, it was telephonic. And so if
12 there might be a way to email that to her so that she
13 can review it, that would -- I think that we would need
14 to do so today.

15 **THE COURT REPORTER:** Yes, sir. I could email
16 it to you and you could forward it to her.

17 **MR. FRIEDMAN:** That would be fine. Thank you.
18 It's just that, that it's -- I know when court
19 reporters, when you're sitting there with somebody
20 looking at them and reading their lips, it's a lot
21 easier to do than when you're on the phone with
22 distractions. So it's not a -- it's no slight on you,
23 court reporter. It's just a preference that I have.

24 **THE COURT REPORTER:** I understand. I
25 understand, and I did not take it that way.

1 **MR. FRIEDMAN:** All right. Thank you.

2 **MS. GILCHER:** One more thing -- just a
3 reminder about the late-filed exhibit that I requested.

4 **MR. FRIEDMAN:** Yes. We'll have that to you
5 this week or sooner, you know.

6 **MS. GILCHER:** Okay. That's fine.

7 **MR. FRIEDMAN:** I'm tied up all day tomorrow,
8 as you know. But other than that, we should be able to
9 get it to you by Wednesday, if I can't get it to you by
10 tomorrow.

11 **MS. GILCHER:** Are you clear on my question for
12 that?

13 **MR. FRIEDMAN:** Yeah. I mean -- yeah. And I
14 think I, I think, just glancing at it, I know what the
15 difference is. So I just need to have her look at it
16 and see if, if she sees what was missed by Deloitte.

17 **MS. GILCHER:** Okay. I just -- I'm looking for
18 her to explain why there's a difference, why there's
19 such a big difference. Okay.

20 **MR. FRIEDMAN:** Yeah. I think it's -- I don't
21 know. I just glanced at it while we were doing this and
22 I think there's, I think there's an easy explanation,
23 but I could be, you know, I could be wrong.

24 **MS. GILCHER:** Okay.

25 **MR. SAYLER:** OPC still maintains its potential

1 to object to that exhibit.

2 **MS. GILCHER:** Okay. Thank you, Erik.

3 (Deposition concluded at 11:22 a.m.)

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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, LINDA BOLES, CRR, RPR, Official FPSC
5 Commission Reporter, do hereby certify that I was
6 authorized to and did stenographically report the
7 foregoing deposition at the time and place herein
8 stated.

9 I FURTHER CERTIFY that this transcript
10 constitutes a true record of the testimony given by the
11 witness.

12 I FURTHER CERTIFY that I am not a relative,
13 employee, attorney or counsel of any of the parties, nor
14 am I a relative or employee of any of the parties'
15 attorney or counsel connected with the action, nor am I
16 financially interested in the action.

17 DATED THIS 5th day of May, 2014.

Linda Boles

LINDA BOLES, CRR, RPR
Hearings Reporter
Office of Commission Clerk
(850) 413-6734

21
22
23
24
25

CERTIFICATE OF OATH

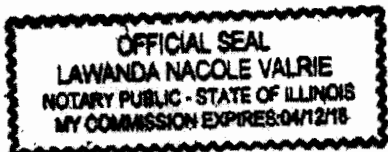
000047

STATE OF ILLINOIS

COUNTY OF COOK

I, the undersigned authority, certify that SHARON WIOREK
2335 Sanders Rd
personally appeared before me at NORTHBROOK, IL 60062 and was duly sworn by
me to tell the truth.

WITNESS my hand and official seal in the City of NORTHBROOK, County of
COOK, State of ILLINOIS this 28th day of APRIL,
2014.



Lawanda Nacole Valrie
Notary Public
State of ILLINOIS

Personally known OR produced identification _____

Type of identification produced _____

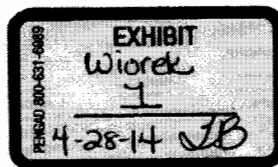
RECONCILIATION OF DELOITTE RATE CASE EXPENSE

1. There were 3 hours included in Deloitte's actual hours that were inadvertently included twice.
2. There was 1 hour included in Deloitte's estimated hours that was inadvertently included twice.
3. SW-3, Page 29 of 31 was erroneously the same as SW-2, Page 2 of 26. Attached is the Revised SW-3, Page 29 of 31.

Deloitte provided two Summary Schedules, one as of January 31, 2014 (Exhibit SW-2, page 2 of 26) and one as of April 5, 2014 Revised Exhibit SW-3, page 29 of 31. The sum of Deloitte's rate case expense is the Actual on the January Schedule, and the Actual and Estimated on the April Schedule. The Estimated on the January schedules is subsumed in the Actual and Estimated in the April Schedule.

Attached is a summary of Deloitte's Schedules.

Attached is a revised rate case expense schedule (Revised Exhibit SW-3, Page A of 31) to correct the minor errors in double counting 4 hours of time.



Utilities, Inc.
 Docket No. 120161-WS **GENERIC PROJECT PHOENIX DOCKET**
Deloitte Consulting LLP – Actual and Estimated Rate Case Expense

A. Actual Billed and Unbilled: \$61,824 – professional fees and expenses through January 31, 2014 (invoices attached)

| <u>Actual Hours:</u> | <u>Description</u> |
|-----------------------|---|
| 32.0 | Review projects materials from 2006 to 2008 and identify key messages |
| 43.0 | Prepare testimony and exhibits |
| 18.0 | Conference calls to review materials |
| 12.0 | Finalize materials |
| 6.6 | Review Staff Recommendation and conference with Client |
| 111.6 | Total hours |
| 21.0 hrs @ \$684/hr | \$14,364 fees (Principal) |
| 90.6 hrs @ \$524/hour | \$ 47,452 fees (Manager) |
| \$ 8 | Expenses |
| \$61,824 | Total fees and expenses incurred through January 31, 2014 |

B. Estimated hours and expenses: to prepare, deliver, follow up for the May 14, 2014 hearing

| <u>Estimated Hours:</u> | <u>Description</u> |
|-------------------------|---|
| 8.0 | Respond to OPC discovery and questions related thereto; |
| 18.0 | Preparation of Pre-filed Rebuttal Testimony and exhibits (2 Principals) |
| 18.0 | Preparation and attend hearing (2 Principals) |
| 8.0 | Research and Draft Post-Hearing documentation |
| 4.0 | Review Staff Recommendation and conference with Client |
| 56.0 hrs @ \$684/hr | \$38,304 Total Professional fees |

\$ 1,200 Total Estimated Costs – Travel, hotel and food (One trip - two days with one overnight stay) to attend final hearing

* Please note that I do not charge for travel time.

TOTAL PROFESSIONAL FEES AND EXPENSES: \$ 39,504.

Utilities, Inc.
 Docket No. 120161-WS **GENERIC PROJECT PHOENIX DOCKET**
 Deloitte Consulting LLP - **Actual and Estimated Rate Case Expense**

A. Actual Billed and Unbilled: \$57,592.53 - professional fees and expenses through April 5th, 2014

| Actual Hours: | Description |
|-----------------------|---|
| 43.0 | Review projects materials from 2006 to 2008 and identify key messages |
| 43.0 | Prepare testimony and exhibits |
| 13.0 | Conference calls to review materials |
| 13.0 | Finalize materials |
| 5.0 | Review Staff Recommendation and conference with Client |
| 117.0 | Total hours |
| 5.0 hrs @ \$684/hour | \$3,420 fees (Principal) |
| 27.0 hrs @ \$684/hour | \$18,468 fees (Principal) |
| 85.0 hrs @ \$420/hour | \$35,700 (Senior Consultant) |
| \$ 4.53 | Expenses (Conference Calls) |
| \$57,592.53 | Total fees and expenses incurred through April 5 th , 2014 |

B. Estimated hours and expenses: to prepare, deliver, follow up for the May 14, 2014 hearing

| Estimated Hours: | Description |
|-------------------------|--|
| 6.0 | Respond to OPC discovery and questions related thereto; |
| 8.0 | Preparation of Pre-filed Rebuttal Testimony and exhibits (2 Principals, 1 Senior Consultant) |
| 15.0 | Preparation and attend hearing (2 Principals, 1 Senior Consultant) |
| 9.0 | Research and Draft Post-Hearing documentation |
| 9.0 | Review Staff Recommendation and conference with Client |
| 47.0 | Total hours |
| 22.0 hrs @ \$684/hour | \$15,048 Professional fees (Principal) |
| 4.0 hrs @ \$684/hour | \$2,736 Professional fees (Principal) |
| 21.0 hrs @ \$420/hour | \$8,820 Professional fess (Senior Consultant) |
| \$26,604 | Total fees and expenses estimated through May 14, 2014 hearing |

\$ 1,200 Total Estimated Costs - Travel, hotel and food (One trip - two days with one overnight stay) to attend final hearing

* At this point, there have been no charges for travel time; estimations only.

TOTAL PROFESSIONAL FEES AND EXPENSES: \$ 85,396.53

**Deloitte Consulting LLP Cover Page
As of January 31, 2014**

| | | |
|----------------|-------------------|----------------------------|
| Actual Billed | 61,816.00 | |
| Actual Costs | 8.00 | |
| Total Actual | <u>61,824.00</u> | |
| Estimate Fees | 38,304.00 | |
| Estimate Costs | 1,200.00 | |
| Total Estimate | <u>39,504.00</u> | |
| Total Deloitte | <u>101,328.00</u> | Exhibit SW-2, Page 2 of 26 |

**Deloitte Consulting LLP Cover Page
As of 4/5/2014**

| | | |
|-----------------------------|------------------|-------------------------------------|
| Actual Billed (Incremental) | 57,588.00 | |
| Actual Costs (Incremental) | 4.53 | |
| Actual total | <u>57,592.53</u> | |
| Estimate Fees (Total) | 26,604.00 | |
| Estimate Costs (Total) | 1,200.00 | |
| Estimate total | <u>27,804.00</u> | |
| Total Deloitte | <u>85,396.53</u> | Revised Exhibit SW-3, Page 29 of 31 |

**Deloitte Consulting LLP Cover Page Summary (All Inclusive)
Rate Case Inception to Date**

| | | |
|-----------------------------|-------------------|--|
| Actual Billed (Incremental) | 119,404.00 | |
| Actual Costs (Incremental) | 12.53 | |
| Actual total | <u>119,416.53</u> | |
| Estimate Fees (total) | 26,604.00 | |
| Estimate Costs (total) | 1,200.00 | |
| Estimate total | <u>27,804.00</u> | |
| Total Deloitte | <u>147,220.53</u> | |

Explanation: Provide the total amount of rate case expense requested in the application. State whether the total includes the amount up to proposed agency action or through a hearing before the Commission. Provide a list of each firm providing services for the applicant, the individuals for each firm assisting in the application, including each individual's hourly rate, and an estimate of the total charges to be incurred by each firm, as well as a description of the type of services provided. Also provide the additional information for amortization and allocation method, including support behind this determination.

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | |
|----------|--|--------------------------------|------------------------|--------------|---------------------------------|---------------------------------|----------------------------|--|--|
| Line No. | Firm or Vendor Name | Counsel, Consultant or Witness | Hourly Rate Per Person | Actual Hours | Total Actual of Charges by Firm | Estimated Total Remaining Hours | Total Estimated of Charges | Total Estimated And Actual Charges by Firm | Type of Service Rendered |
| 1 | Deloitte Consulting, LLP | Principal | 684.00 | 53.0 | 36,252 | 26 | 17,784 | 54,036 | Consulting/ Expert Witness Fees |
| 2 | Deloitte Consulting, LLP | Manager | 524.00 | 90.6 | 47,452 | - | - | 47,452 | Consulting Fees |
| 3 | Deloitte Consulting, LLP | Sr. Consultant | 420.00 | 65 | 27,300 | 21 | 8,820 | 44,520 | Consulting Fees |
| 4 | Deloitte Consulting, LLP | Expenses | n/a | | 13 | | 1,200 | 1,213 | Various Expenses (travel, photocopies, phone calls) associated with legal fees |
| 5 | Friedman, Friedman & Long, P.A. | Partner | 340.00 | 10.5 | 3,570 | - | - | 3,570 | Legal Fees |
| 6 | Friedman, Friedman & Long, P.A. | Partner | 350.00 | 26.2 | 26,053 | 87 | 23,450 | 49,503 | Legal Fees |
| 7 | Friedman, Friedman & Long, P.A. | Expenses | n/a | | 693 | 0 | 1,610 | 2,303 | Various Expenses (travel, photocopies, phone calls) associated with legal fees |
| 8 | Water Service Corp | In-house Staff | n/a | 350.5 | 16,625 | 60 | 6,120 | 23,045 | Assist with data requests, discovery request, pre-filed testimony, trial preparation, etc. |
| 9 | Water Service Corp | | n/a | n/a | - | n/a | 12,000 | 12,000 | Travel, Hotel/Accommodation, Rental Car, Airfare |
| 10 | | | | | | | | | |
| 11 | | | | | \$ 166,656 | | | \$ 237,642 | |
| 12 | Estimate Through May 2014 | | | | | | | | |
| 13 | | | | | | | | 2,052 | 3 hours for Deloitte principal included twice in error in Actual Hours |
| 14 | | | | | | | | 420 | 1 hour for Deloitte Sr. Consultant included twice in error in Estimated Hours |
| 15 | <input checked="" type="checkbox"/> Commission Hearing | | | | | | | | |
| 16 | | | | | | | | 240,114 | Exhibit SW-3 page A of 31 |
| 39 | | | | | | | | | |
| 40 | Summary of Above Amounts for Deloitte | | | | | | | | |
| 41 | Total Deloitte Actual Fees/Costs | | | | 119,417 | | | | |
| 42 | Total Deloitte Estimated Fees/Costs | | | | 27,804 | | | | |
| 43 | Total Deloitte | | | | 147,221 | | | | |

Explanation: Provide the total amount of rate case expense requested in the application. State whether the total includes the amount up to proposed agency action or through a hearing before the Commission. Provide a list of each firm providing services for the applicant, the individuals for each firm assisting in the application, including each individual's hourly rate, and an estimate of the total charges to be incurred by each firm, as well as a description of the type of services provided. Also provide the additional information for amortization and allocation method, including support behind this determination.

| Line No. | (1) Firm or Vendor Name | (2) Counsel, Consultant or Witness | (3) Hourly Rate Per Person | (4) Actual Hours | (5) Total Actual of Charges by Firm | (6) Estimated Remaining Hours | (7) Total Estimated of Charges Remaining | (8) Total Estimated And Actual Charges by Firm | (9) Type of Service Rendered |
|----------|---|---------------------------------------|-------------------------------|---------------------|--|----------------------------------|---|--|---------------------------------|
| 1 | Deloitte Consulting LLP | Principal | 684.00 | 56.0 | 38,304 | 26 | 17,784 | 56,088 Consulting Fees | |
| 2 | Deloitte Consulting LLP | Manager | 524.00 | 90.6 | 47,452 | - | 47,452 | 47,452 Consulting Fees | |
| 3 | Deloitte Consulting LLP | Sr. Consultant | 420.00 | 85 | 35,700 | 22 | 9,240 | 44,940 Consulting Fees | |
| 4 | Deloitte Consulting LLP | Expenses | n/a | | 13 | | 1,200 | 1,213 Various Expenses (travel, photocopies, phone calls) associated with legal fees | |
| 5 | Friedman, Friedman & Long, P.A. | Partner | 340.00 | 10.5 | 3,570 | | - | 3,570 Legal Fees | |
| 6 | Friedman, Friedman & Long, P.A. | Partner | 350.00 | 26.2 | 26,053 | 67 | 23,450 | 49,503 Legal Fees | |
| 7 | Friedman, Friedman & Long, P.A. | Expenses | n/a | | 693 | 0 | 1,610 | 2,303 Various Expenses (travel, photocopies, phone calls) associated with legal fees | |
| 8 | Water Service Corp. | In-house Staff | n/a | 350.5 | 16,925 | 60 | 6,120 | 23,045 Assist with data requests, audit facilitation | |
| 9 | Water Service Corp. | | n/a | n/a | - | n/a | 12,000 | 12,000 Travel, Hotel/Accommodation, Rental Care, Airfare | |
| 10 | | | | | | | | - | |
| 11 | | | | | <u>\$ 168,710</u> | | | <u>\$ 240,114</u> | |
| 12 | Estimate Through May 2014 | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | [x] PAA | | | | | | | | |
| 15 | [] Commission Hearing | | | | | | | | |
| 16 | | | | | | | | | |
| 17 | Amortization Period 4 Years | | | | | | | | |
| 18 | Explanation if different from Section 367.0816, Florida | | | | | | | | |
| 19 | | | | | | | | | |

FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET NO. 120161-WS EXHIBIT No. 22
 PARTY: UI/Sharon Wiorek
 DESCRIPTION: SW-3 Updated Rate Case Expense

Utilities, Inc.

Docket No. 120161-WS GENERIC PROJECT PHOENIX DOCKET

Friedman, Friedman & Long, P.A. – Actual and Estimated Rate Case Expense

Actual Billed and Unbilled: \$30,316.78 – attorneys' fees and costs through April 10, 2014
(Invoices and Reports Attached)

Estimated:

| <u>Hours</u> | <u>Description</u> |
|----------------------------|--|
| 3.0 hrs | Respond to PSC discovery and objections and Motions related thereto; |
| 5.0 hrs | Preparation of Prefiled Rebuttal Testimony and Exhibits |
| 10.0 hrs | Travel to Tallahassee and attend Pre-Hearing Conference |
| 28.0 hrs | Travel to Tallahassee & Preparation and attend hearing |
| 10.0 hrs | Research and Draft Post-Hearing Brief |
| 1.0 hrs | Review Staff Recommendation and conference with Client |
| 10.0 hrs | Attend Commission Conference on Final Action |
| 67.0 hrs @ \$350/hr | \$23,450.00 |

\$ 1,500.00 Attend Commission Conferences, Prehearing & Final Hearing
\$ 50.00 Estimated photocopier costs
\$ 60.00 Estimated courier costs
\$ 1,610.00 **TOTAL Estimated Costs**

TOTAL ATTORNEYS' FEES AND COSTS: \$ 55,376.78

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLANSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783530

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JUNE 15, 2012
INVOICE # 47729
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|------|--------|
| 5/22/12 MSF | RESEARCH AND DRAFT MOTION TO ESTABLISH GENERIC DOCKET; PREPARE FOR AND PARTICIPATE IN CONFERENCE CALL WITH MR. BHATTACHARYA, MR. DANIELSON AND MR. LUBERTOZZI REGARDING DELOITTE PRE-FILED TESTIMONY; LETTER TO ALL WITH BACKGROUND; | 2.70 | 918.00 |
| 5/23/12 MSF | FINALIZE AND FILE PETITION TO ESTABLISH GENERIC DOCKET | .40 | 136.00 |
| | TOTAL HOURS | 3.10 | |

PROFESSIONAL FEES \$ 1,054.00

MARTIN S FRIEDMAN 3.10 1,054.00

FEDERAL EXPRESS 37.16
PHOTOCOPIES 22.25

TOTAL COSTS ADVANCED \$ 59.41

TOTAL STATEMENT \$ 1,113.41

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-278356

(850) 877-0555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JULY 11, 2012
INVOICE # 47964
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|------|--------|
| 6/05/12 MSF | TELEPHONE CONFERENCE WITH MR. BHATTACHARYA, WHO TELEPHONED REGARDING PRE-FILED TESTIMONY | .50 | 170.00 |
| 6/06/12 MSF | REVIEW AND COMMENT UPON PROPOSED TESTIMONY FOR MR. DANIELSON | .40 | 136.00 |
| 6/07/12 MSF | REVIEW MR. DANIELSON'S PRE-FILED TESTIMONY AND PREPARE FOR AND PARTICIPATE IN CONFERENCE CALL WITH MR. DANIELSON AND OTHERS REGARDING SAME; TELEPHONE CONFERENCE WITH MR. LUBERTOZZI AND MR. BARENBROOK REGARDING POTENTIAL TESTIMONY | 1.60 | 544.00 |
| 6/11/12 MSF | TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLER WHO TELEPHONED; REVIEW MOTION TO ENLARGE ISSUES AND LETTER TO CLIENT CONCERNING SAME | .50 | 170.00 |
| | TOTAL HOURS | 3.00 | |

PROFESSIONAL FEES \$ 1,020.00

MARTIN S FRIEDMAN 3.00 1,020.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 1,020.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLARSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783506

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

AUGUST 10, 2012
INVOICE # 48204
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|------|--------|
| 7/03/12 MSF | TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLOR WHO TELEPHONED; CORRESPONDENCE WITH COMPANY; REVIEW ISSUES LIST FROM PSC STAFF; PARTICIPATE IN CONFERENCE CALL WITH PSC STAFF, OPC, AND COMPANY; FOLLOW-UP TELEPHONE CONFERENCE WITH MS. AQUILINO WHO TELEPHONED | 1.10 | 374.00 |
| 7/07/12 MSF | REVIEW AND COMMENT TO MR. BHATTACHARYA ON MR. DANIELSON'S PRE-FILED DIRECT TESTIMONY | .30 | 102.00 |
| 7/31/12 MSF | TELEPHONE CONFERENCE WITH MS. VANDIVER FROM OPC WHO TELEPHONED; REVIEW OPC LIST OF QUESTIONS AND FORWARD TO MS. AQUILINO AND OTHERS; DRAFT LETTER REGARDING MR. DANIELSON'S PRE-FILED TESTIMONY | .80 | 272.00 |
| TOTAL HOURS | | 2.20 | |

PROFESSIONAL FEES \$ 748.00

MARTIN S FRIEDMAN 2.20 748.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 748.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2543 BLAIRSTONE PIKES DR
TALLAHASSEE, FLORIDA 32301

FEI # 59-278353C

(950) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REPLYING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

OCTOBER 10, 2012
INVOICE # 48622
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|-----|-------|
| 9/20/12 MSF | TELEPHONE CONFERENCE WITH MR. FLETCHER; LETTER TO CLIENT | .20 | 68.00 |
| | TOTAL HOURS | .20 | |

PROFESSIONAL FEES \$ 68.00

MARTIN S FRIEDMAN .20 68.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT
\$ 68.00
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLARSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F E I # 59-2783536

(850) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

NOVEMBER 8, 2012
INVOICE # 48854
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|---|------|--------|
| 10/15/12 MSF | RESEARCH AND DRAFT JOINT MOTION FOR ABYVAJCE OF DOCKET AND LETTER TO OPC ATTORNEY SAYLER CONCERNING SAME | .80 | 272.00 |
| 10/17/12 MSF | TELEPHONE CONFERENCE WITH OPC ATTORNEYS AND STAFF WHO TELEPHONED; REVISED JOINT MOTION AND LETTER TO ATTORNEY | .50 | 170.00 |
| | TOTAL HOURS | 1.30 | |

PROFESSIONAL FEES \$ 442.00

MARTIN S FRIEDMAN 1.30 442.00

PHOTOCOPIES 5.25

TOTAL COSTS ADVANCED \$ 5.25

TOTAL STATEMENT
\$ 447.25
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

DECEMBER 12, 2012
INVOICE # 49060
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|--|-----|-------|
| 11/06/12 MSF | REVIEW PSC ORDER APPROVING EXTENSION OF INFORMAL INVESTIGATORY PERIOD AND LETTER TO CLIENT CONCERNING SAME | .20 | 68.00 |
|--------------|--|-----|-------|

| | |
|-------------|-----|
| TOTAL HOURS | .20 |
|-------------|-----|

| | |
|-------------------|----------|
| PROFESSIONAL FEES | \$ 68.00 |
|-------------------|----------|

| | | |
|-------------------|-----|-------|
| MARTIN S FRIEDMAN | .20 | 68.00 |
|-------------------|-----|-------|

| | |
|-------------|-----|
| PHOTOCOPIES | .75 |
|-------------|-----|

| | |
|----------------------|--------|
| TOTAL COSTS ADVANCED | \$.75 |
|----------------------|--------|

| | |
|-----------------|----------------------------|
| TOTAL STATEMENT | \$ 68.75 |
|-----------------|----------------------------|

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 52-2763536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JANUARY 10, 2013
INVOICE # 49266
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|---|-----|--------|
| 12/20/12 MSF | REVIEW AND COMMENT UPON RESPONSES TO OPC QUESTIONS; FOLLOW-UP CORRESPONDENCE WITH MS. MARKWELL AND MS. AQUILINO | .50 | 170.00 |
|--------------|---|-----|--------|

| | | | |
|-------------|--|-----|--|
| TOTAL HOURS | | .50 | |
|-------------|--|-----|--|

| | | | |
|-------------------|--|-----------|--|
| PROFESSIONAL FEES | | \$ 170.00 | |
|-------------------|--|-----------|--|

| | | | |
|-------------------|-----|--------|--|
| MARTIN S FRIEDMAN | .50 | 170.00 | |
|-------------------|-----|--------|--|

| | | | |
|----------------------|--|--------|--|
| TOTAL COSTS ADVANCED | | \$.00 | |
|----------------------|--|--------|--|

| | | | |
|-----------------|--|-----------------------------|--|
| TOTAL STATEMENT | | ----- \$ 170.00 ----- | |
|-----------------|--|-----------------------------|--|

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F E I # 57 278334

(850) 877 4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

MARCH 11, 2013
INVOICE # 49722
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|------|--------|
| 2/05/13 MSP | PREPARE FOR AND PARTICIPATE IN CONFERENCE CALL WITH STAFF COMPANY AND OPC | 1.70 | 595.00 |
| 2/07/13 MSP | REVIEW OPC FOLLOW-UP QUESTIONS AND LETTER TO MS. MERCHANT AT OPC CONCERNING SAME | .30 | 105.00 |
| 2/17/13 MSP | REVIEW SECOND MOTION TO EXTEND DEADLINE AND LETTER TO OPC ATTORNEY SAYLER CONCERNING SAME | .20 | 70.00 |
| | TOTAL HOURS | 2.20 | |

PROFESSIONAL FEES \$ 770.00

MARTIN S FRIEDMAN 2.20 770.00

PHOTOCOPIES 1.75

TOTAL COSTS ADVANCED \$ 1.75

TOTAL STATEMENT
\$ 771.75
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAKESTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FILE # 09-2783526

(904) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

APRIL 10, 2013
INVOICE # 49934
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

3/24/13 MSP TELEPHONE CONFERENCE WITH MR. LUBERTOZZI WHO
TELEPHONED; CORRESPONDENCE WITH MR. DANIELSON;
CORRESPONDENCE MS. MARWELL; LETTER TO OPC AND
STAFF

TOTAL HOURS .60

PROFESSIONAL FEES \$ 210.00

MARTIN S FRIEDMAN .60 210.00

PHOTOCOPIES 1.25

TOTAL COSTS ADVANCED \$ 1.25

TOTAL STATEMENT
\$ 211.25
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2743526

(850) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

MAY 9, 2013
INVOICE # 50196
FILE # 10057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|-----|-------|
| 4/17/13 MSF | CORRESPONDENCE WITH OPC ATTORNEY SAYLOR AND MS. MARKWELL REGARDING FOLLOW-UP QUESTIONS | .20 | 70.00 |
| | TOTAL HOURS | .20 | |

PROFESSIONAL FEES \$ 70.00

MARTIN S FRIEDMAN .20 70.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT
\$ 70.00
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F E I # 59278350

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JUNE 11, 2013
INVOICE # 50410
FILE # 10057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|------|-----------|
| 5/10/13 MSF | REVIEW PROPOSED RESPONSES TO OPC FOLLOW-UP QUESTIONS HAND LETTER TO OPC | .30 | 105.00 |
| 5/17/13 MSF | REVIEW PSC ORDER EXTENDING INFORMAL INVESTIGATORY PERIOD AND LETTER T MS. MARKWELL AND OTHERS CONCERNING SAME | .10 | 35.00 |
| 5/21/13 MSF | REVIEW RESPONSES TO FOLLOW-UP QUESTIONS FROM OPC AND COMMENT TO MS. MARKWELL CONCERNING SAME | .40 | 140.00 |
| 5/24/13 MSF | TELEPHONE CONFERENCE WITH MS. MARKWELL; FINALIZE ADDITIONAL RESPONSES TO OPC FOLLOW-UP QUESTIONS | .30 | 105.00 |
| | TOTAL HOURS | 1.10 | |
| | PROFESSIONAL FEES | | \$ 385.00 |

MARTIN S FRIEDMAN 1.10 385.00

PHOTOCOPIES 1.00

TOTAL COSTS ADVANCED \$ 1.00

TOTAL STATEMENT
\$ 386.00
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FILE # 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REPLYING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JULY 10, 2013
INVOICE # 50648
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|------|-----------|
| 6/24/13 MSF | REVIEW AND COMMENT UPON OPC'S SECOND SET OF FOLLOW-UP QUESTIONS | .20 | 70.00 |
| 6/26/13 MSF | CORRESPONDENCE WITH MS. HAREWELL, PSC AND OPC ATTORNEYS; REVIEW AND COMMENT UPON FOURTH AMENDMENT AND LETTER TO OPC ATTORNEY SAYLOR CONCERNING SAME; | .50 | 175.00 |
| 6/27/13 MSF | CORRESPONDENCE WITH OPC ATTORNEY; REVIEW AND COMMENT UPON ON REVISIONS TO FOURTH MOTION; | .30 | 105.00 |
| | TOTAL HOURS | 1.00 | |
| | PROFESSIONAL FEES | | \$ 350.00 |

MARTIN S FRIEDMAN 1.00 350.00

PHOTOCOPIES 1.00

TOTAL COSTS ADVANCED \$ 1.00

TOTAL STATEMENT
\$ 351.00
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2545 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F E I # 59-2782556

(850) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

AUGUST 13, 2013
INVOICE # 50877
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

7/10/13 MSF REVIEW NOTICE OF HEARING AND CORRESPONDENCE WITH
MR. FLYNN; RESEARCH AND DRAFT MOTION FOR
CONTINUANCE AND LETTER TO OPC AND STAFF ATTORNEYS
CONCERNING SAME; SEVERAL TELEPHONE CONFERENCE
WITH PSC ATTORNEY BARRERA WHO TELEPHONED; LETTER
TO MS. MARKWELL;

TOTAL HOURS .70

PROFESSIONAL FEES \$ 245.00

MARTIN S FRIEDMAN .70 245.00

PHOTOCOPIES 2.00

TOTAL COSTS ADVANCED \$ 2.00

TOTAL STATEMENT
\$ 247.00
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 09-2783530

(850) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

SEPTEMBER 11, 2013
INVOICE # 51078
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|--|-------|----------|
| 8/05/13 MSF | REVIEW AND REVISE THE LATEST RESPONSES TO OPC INFORMAL QUESTIONS; LETTER TO OPC ATTORNEY SAYLOR CONCERNING SAME; | .80 | 280.00 |
| 8/06/13 MSF | REVIEW AND FINALIZE REMAINING RESPONSES TO OPC INFORMAL QUESTIONS; | .30 | 105.00 |
| 8/12/13 MSF | TRAVEL TO TALLAHASSEE FOR PSC HEARING; FINAL PREPARATION AND ATTEND HEARING; RETURN TO LAKE MARY OFFICE; | 9.30 | 3,255.00 |
| 8/13/13 MSF | RESEARCH AND DRAFT LETTER TO MS. MARKWELL | .20 | 70.00 |
| | TOTAL HOURS | 10.60 | |

PROFESSIONAL FEES \$ 3,710.00

MARTIN S FRIEDMAN 10.60 3,710.00

TRAVEL EXPENSE 344.55
PHOTOCOPIES 5.25

TOTAL COSTS ADVANCED \$ 349.80

TOTAL STATEMENT \$ 4,059.80

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FILE # 99-278336

(850) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

OCTOBER 9, 2013
INVOICE # 51250
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------|---|-----|-------|
| 9/02/13 MSF | REVIEW PSC ORDER GRANTING FOURTH EXTENSION AND LETTER TO MS. MARKWELL AND OTHERS CONCERNING SAME; | .20 | 70.00 |
| | TOTAL HOURS | .20 | |

PROFESSIONAL FEES \$ 70.00

MARTIN S FRIEDMAN .20 70.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT \$ 70.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLARSTONE PINES CN
TALLAHASSEE, FLORIDA 32301

FEI # 59-2782536

(850) 877-6355

PLEASE REFER TO INVOICE NUMBER
WHEN REPLYING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

NOVEMBER 12, 2013
INVOICE # 51542
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|-------------------|--|------|-----------|
| 10/08/13 MSF | REVIEW FILE AND DRAFT ISSUES; LETTER TO MR. LUBENTOZZI CONCERNING SAME; | .30 | 105.00 |
| 10/14/13 MSF | RESEARCH AND DRAFT NOTICE OF ISSUES | .40 | 140.00 |
| 10/15/13 MSF | SEVERAL TELEPHONE CONFERENCES WITH OPC ATTORNEY SAYLER WHO TELEPHONED; REVIEW OPC MOTION TO ALLOW LATE FILED LIST OF ISSUES AND LETTER TO CLIENT CONCERNING SAME; | .50 | 175.00 |
| 10/20/13 MSF | REVIEW AND COMMENT UPON OPC PROPOSED STIPULATIONS | .20 | 70.00 |
| 10/25/13 MSF | REVIEW AND REVISE PROPOSED STIPULATION AND LETTER TO MS. MARKWELL CONCERNING SAME; | .30 | 105.00 |
| 10/30/13 MSF | FINALIZE COMMENTS TO OPC'S PROPOSED STIPULATIONS AND LETTER TO OPC ATTORNEY SAYLER CONCERNING SAME; TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLER, MS. MERCHANT AND MS. VANDIVER WHO TELEPHONED; | .70 | 245.00 |
| | TOTAL HOURS | 2.40 | |
| | PROFESSIONAL FEES | | \$ 840.00 |
| MARTIN S FRIEDMAN | | 2.40 | 840.00 |

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F E I * 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC

Invoice #: 51542

PAGE 2

PHOTOCOPIES .50

TOTAL COSTS ADVANCED \$.50

TOTAL STATEMENT
\$ 840.50
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 50-2783536

(850) 877-4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

DECEMBER 11, 2013
INVOICE # 51655
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|--|-----|--------|
| 11/01/13 MSF | REVIEW "FINAL" SETTLEMENT AND LETTER TO MS. MARKWELL AND OTHERS CONCERNING SAME; | .30 | 105.00 |
| 11/06/13 MSF | REVIEW PROPOSED STIPULATION FROM OPC AND LETTER TO MR. LUBERTOZZI AND OTHERS CONCERNING SAME; | .30 | 105.00 |
| 11/07/13 MSF | REVIEW AND REVISE JOINT MOTION TO APPROVE SETTLEMENT AGREEMENT AND LETTER TO ATTORNEY SAYLER AT OPC CONCERNING SAME; | .40 | 140.00 |

TOTAL HOURS 1.00

PROFESSIONAL FEES \$ 350.00

MARTIN S FRIEDMAN 1.00 350.00

TOTAL COSTS ADVANCED \$.00

TOTAL STATEMENT
\$ 350.00
.....

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FILE # 59-2782536

(951) 877 4555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

UTILITIES, INC
ATTN: JOHN STOVER
2335 SANDERS RD
NORTHBROOK, IL 60062

JANUARY 10, 2014
INVOICE # 51893
FILE # 30057-00209
PAGE 1

MATTER: GENERIC DOCKET ON PROJECT PHOENIX

| | | | |
|--------------|---|-----|--------|
| 12/06/13 MSF | REVIEW STAFF RECOMMENDATION ON SETTLEMENT STIPULATION WITH OPC AND LETTER TO CLIENT CONCERNING SAME | .30 | 105.00 |
| 12/10/13 MSF | REVIEW AND RESPOND TO CORRESPONDENCE FROM MR. DURHAM; | .10 | 35.00 |
| | TOTAL HOURS | .40 | |

PROFESSIONAL FEES \$ 140.00

MARTIN S FRIEDMAN .40 140.00

PHOTOCOPIES 11.50

TOTAL COSTS ADVANCED \$ 11.50

TOTAL STATEMENT
\$ 151.50
.....

WebTime Query Report

0003 - MARTIN S FRIEDMAN

02/08/2014

| Date | Client | Client Name | Matter | Matter Description | SM/Task | Service | Hours | Rate |
|---------------------------------|--------|----------------|--------|---|---------|---------|-------------|----------------|
| 01/06/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX TRAVEL TO TALLAHASSEE FOR PSC AGENDA (TIME AND TRAVEL SPLIT WITH UIF RATE CASE DOCKET) | | 10000 | 2.00 | A |
| Date Total (01/06/2014): | | | | | | | 2.00 | |
| 01/07/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX PREPARE FOR AND ATTEND PUBLIC SERVICE COMMISSION AGENDA AND REPORT OUTCOME TO CLIENT AND RETURN TO CENTRAL FLORIDA (TIME AND TRAVEL SPLIT WITH UIF RATE CASE DOCKET) | | 10000 | 2.70 | A |
| Date Total (01/07/2014): | | | | | | | 2.70 | |
| 01/16/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX REVIEW PSC ORDER ESTABLISHING PROCEDURE AND LETTER TO MR. LUBERTOZZI AND OTHERS CONCERNING SAME; | | 10000 | 0.30 | A |
| Date Total (01/16/2014): | | | | | | | 0.30 | |
| 01/22/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX REVIEW PSC ORDER APPROVING STIPULATION AND LETTER TO MR. LUBERTOZZI AND OTHERS CONCERNING SAME | | 10000 | 0.20 | A |
| Date Total (01/22/2014): | | | | | | | 0.20 | |
| 01/30/2014 | 30057 | UTILITIES, INC | 209 | GENERIC DOCKET ON PROJECT PHOENIX REVIEW OPC DISCOVERY AND RESEARCH CONCERNING SAME; LETTER TO MR. DANIELSON; LETTER TO MR. LUBERTOZZI AND OTHERS; | | 10000 | 0.60 | A |
| Date Total (01/30/2014): | | | | | | | 0.60 | |
| Report Totals: | | | | | | | 5.80 | x \$350 |

2,030

Cost Report

Unbilled

UTILITIES, INC / GENERIC DOCKET ON PROJECT PHOENIX (30057-309)

02/08/2014

| Date | SMTask | Service Code | Description | Attorney | Orig Qty | Orig Amt | Rev Qty | Rev Amt | Vendor | Voucher Status |
|-----------------------|--------|--------------|-------------------------------|----------|--------------|---------------|--------------|---------------|--------------------|----------------|
| 01/14/2014 | | 00003 | TRAVEL EXPENSE | COST | 0.00 | 252.69 | 0.00 | 252.69 | Martin S. Friedman | 12059 Unbilled |
| | | | TRAVEL EXPENSE - MSF 1/6-7/14 | | | | | | | |
| 01/27/2014 | | 00020 | PHOTOCOPIES | COST | 26.00 | 6.50 | 26.00 | 6.50 | | 0 Unbilled |
| | | | PHOTOCOPIES | | | | | | | |
| Report Totals: | | | | | 26.00 | 259.19 | 26.00 | 259.19 | | |

Friedman, Friedman & Long, P.A.

766 N. Sun Drive
Suite 4030
Lake Mary, FL 32746

F.E.I.: 46-4480334

407-830-6331

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

Utilities, Inc.
2335 Sanders Road
Northbrook, IL
60062 USA

March 5, 2014

Attention: John Stover

File #: 30057.209

Inv #: 202

RE: Generic Docket on Project Phoenix

| | | | | |
|-----------|-----|--|------|----------|
| Feb-05-14 | MSF | Correspondence with Mr. Lubertozi, Mr. Danielson, Ms. Wiorek and Ms. Norwoods; research and respond accordingly; | 0.20 | 70.00 |
| Feb-08-14 | MSF | Review and respond to questions from Ms. Wiorek regarding OPC discovery; Review, comment and revise prefiled testimony of Mr. Danielson; letter to Mr. Danielson regarding same; Review and redraft Prefiled testimony for Ms. Wiorek and letter to Ms. Wiorek concerning same; Research and draft of legal rate case expense exhibit and letter to Ms. Wiorek concerning same | 3.40 | 1,190.00 |
| Feb-11-14 | MSF | Conference call with Mr. Danielson and Mr. Lubertozi regarding pre-filed testimony; Correspondence with Ms. Wiorek and Mr. Lubertozi; | 0.70 | 245.00 |
| Feb-12-14 | MSF | Correspondence with Mr. Danielson, Mr. Lubertozi and Ms. Wiorek regarding pre-filed testimony | 0.70 | 245.00 |
| Feb-13-14 | MSF | Correspondence with Ms. Wiorek and Mr. Danielson regarding pre-filed testimony; Finalize pre-filed testimony and exhibits for Ms. Wiorek; | 1.40 | 490.00 |
| Feb-14-14 | MSF | Finalize pre-filed testimony and draft Notices of Filing; Research and draft objections to discovery; Letter to Mr. Lubertozi and others concerning same; | 2.80 | 980.00 |

| | | | | |
|-----------|--------|--|-------|------------|
| Feb-19-14 | MSF | Review and respond to correspondence from Ms. Wiorek regarding OPC discovery; Follow-up correspondence from and to Ms. Wiorek; | 0.20 | 70.00 |
| Feb-27-14 | MSF | Review OPC second Request for Production of Documents and Interrogatories and letter to Mr. Lubertozi and others concerning same; Review follow-up correspondence from Mr. Flynn and from Mr. Lubertozi; Further correspondence with Ms. Wiorek and Mr. Danielson; | 0.50 | 175.00 |
| Feb-28-14 | MSF | Conference call with Mr. Hoy, Mr. Lubertozi and others; Telephone Conference with attorney Saylor; Follow-up correspondence; Letter to Mr. Hoy and others regarding call with OPC; | 2.70 | 945.00 |
| | Totals | | 12.60 | \$4,410.00 |

DISBURSEMENTS

| | |
|--------------------------------------|-------------------|
| Photocopies | 40.50 |
| Totals | \$40.50 |
| Total Fee & Disbursements | \$4,450.50 |

Friedman, Friedman & Long, P.A.

766 N. Sun Drive
Suite 4030
Lake Mary, FL 32746

F.E.I.: 46-4480334

407-830-6331

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

Utilities, Inc.
2335 Sanders Road
Northbrook, IL
60062 USA

March 31, 2014

Attention: John Stover

File #: 30057.209

Inv #: 386

RE: Generic Docket on Project Phoenix

| | | | | |
|-----------|-----|--|-------|----------|
| Mar-07-14 | MSF | Correspondence with PSC attorney Barerra, and OPC attorney Sayler regarding discovery | 0.20 | 70.00 |
| Mar-08-14 | MSF | Review correspondence from PSC attorney Barerra and letter to Mr. Hoy and others concerning same; | 0.10 | 35.00 |
| Mar-10-14 | MSF | Correspondence with Ms. Wiorek, Mr. Hoy and Mr. Danielson regarding OPC discovery responses; Review Deloitte Contracts and Addenda; Draft Partial Response to Documents Request; Review 300 pages of documents filed by OPC; | 2.40 | 840.00 |
| Mar-11-14 | MSF | Research and draft Response to Motion to Compel; Correspondence with Mr. Hoy and others; | 4.40 | 1,540.00 |
| Mar-12-14 | MSF | Review correspondence from OPC attorney Sayler and letter to Mr. Hoy and others concerning same; Correspondence with UI people and review additional addenda; letter to OPC attorney Sayler; | 0.90 | 315.00 |
| Mar-13-14 | MSF | Travel to Tallahassee for oral argument and final preparation; Present oral argument; Return to Lake Mary office ; Review letter from PSC Staff attorney regarding outcome and letter to Mr. Hoy and others concerning same; | 10.00 | 3,500.00 |
| Mar-14-14 | MSF | Review letters from Ms. Wiorek and Mr. Pitts | 0.90 | 315.00 |

| | | | | |
|-----------|--------|--|-------|-------------|
| | | regarding OPC discovery responses; Research prior dockets etc, and draft responses to Ms. Wiorek and Mr. Pitts | | |
| Mar-17-14 | MSF | Letter to Mr. Danielson and others regarding responses to OPC's Second Discovery | 0.20 | 70.00 |
| Mar-18-14 | MSF | Review, research and respond to correspondence from Ms. Wiorek regarding OPC's Second Discovery; Research and draft Objection to OPC's Second Interrogatories and Second Request to produce. | 2.00 | 700.00 |
| Mar-20-14 | MSF | Conference call with representatives of Deloitte and UI regarding responses to OPC's 2nd discovery; | 0.80 | 280.00 |
| Mar-21-14 | MSF | Research and draft responses to OPC's First Interrogatories and First Production of Documents and Notices; Review and respond to correspondence from Mr. Trayers at Deloitte; | 1.20 | 420.00 |
| Mar-27-14 | MSF | Correspondence with Ms. Merchant of OPC and PSC attorney Barerra; Review Staff's first and second interrogatories and requests for production of documents and request for admissions and letter to Mr. Lubertozzi and others concerning same; | 1.30 | 455.00 |
| Mar-28-14 | MSF | Review Order on OPC's Motion to Compel and letter to Mr. Lubertozzi and others regarding discrepancy with oral ruling; | 0.30 | 105.00 |
| Mar-30-14 | MSF | Review, compile and edit proposed responses to OPC's Second Interrogatories and Second Request for Production of Documents. | 2.20 | 770.00 |
| Mar-31-14 | MSF | Correspondence and review and finalize responses to OPC Second Discovery; Review Pre-Filed Testimony of Mr. Fletcher and letter to Mr. Hoy and others concerning same; Follow-up correspondence on Pre-Filed Testimony; | 2.30 | 805.00 |
| | Totals | | 29.20 | \$10,220.00 |

DISBURSEMENTS

| | | | | |
|-----------|--------|--|--------|--|
| Mar-13-14 | Travel | | 322.88 | |
|-----------|--------|--|--------|--|

Totals

\$322.88

Total Fee & Disbursements

\$10,542.88

4/1/2014 1.40 hrs. Review PSC First and Second Discovery and Pre-Filed Testimony in preparation for conference call; conference call regarding PSC discovery and Pre-Filed Testimony; Follow-up correspondence with Ms. Wiorek and analysis of Project Phoenix depreciation;

4/2/2014 1.80 hrs. Telephone Conference with OPC attorney Sayler who telephoned; Review and respond to correspondence from Mr. Pitts; Research and draft responses to Staff's First Request for Admissions; letter to Mr. Hoy and others;

4/3/2014 0.60 hrs. Review, research and respond to correspondence from Ms. Wiorek; Correspondence with PSC attorney Barrera;

4/6/2014 1.10 hrs. Review electronic files and letter to OPC and Staff regarding same; Review, research and respond to correspondence from Ms. Wiorek regarding responses to Staff's discovery; Correspondence with Mr. Hoy and others regarding various aspects of case; Letter to Deloitte consultants;

4/7/2014 0.10 hrs. Review and respond to correspondence from Mr. Wiorek regarding responses to Staff discovery;

4/8/2014 0.40 hrs. Telephone Conference with Mr. Hoy who telephoned regarding rebuttal testimony

Utilities, Inc.
 Docket No. 120161-WS **GENERIC PROJECT PHOENIX DOCKET**
Deloitte Consulting LLP – Actual and Estimated Rate Case Expense

A. Actual Billed and Unbilled: \$61,824 – professional fees and expenses through January 31, 2014 (invoices attached)

| <u>Actual Hours:</u> | <u>Description</u> |
|-----------------------|---|
| 32.0 | Review projects materials from 2006 to 2008 and identify key messages |
| 43.0 | Prepare testimony and exhibits |
| 18.0 | Conference calls to review materials |
| 12.0 | Finalize materials |
| 6.6 | Review Staff Recommendation and conference with Client |
| 111.6 | Total hours |
| 21.0 hrs @ \$684/hr | \$14,364 fees (Principal) |
| 90.6 hrs @ \$524/hour | \$ 47,452 fees (Manager) |
| \$ 8 | Expenses |
| \$61,824 | Total fees and expenses incurred through January 31, 2014 |

B. Estimated hours and expenses: to prepare, deliver, follow up for the May 14, 2014 hearing

| <u>Estimated Hours:</u> | <u>Description</u> |
|-------------------------|---|
| 8.0 | Respond to OPC discovery and questions related thereto; |
| 18.0 | Preparation of Pre-filed Rebuttal Testimony and exhibits (2 Principals) |
| 18.0 | Preparation and attend hearing (2 Principals) |
| 8.0 | Research and Draft Post-Hearing documentation |
| 4.0 | Review Staff Recommendation and conference with Client |
| 56.0 hrs @ \$684/hr | \$38,304 Total Professional fees |

\$ 1,200 Total Estimated Costs – Travel, hotel and food (One trip - two days with one overnight stay) to attend final hearing

* Please note that I do not charge for travel time.

TOTAL PROFESSIONAL FEES AND EXPENSES: \$ 39,504.

Deloitte.

| Name: | Level: | Hourly Rate (\$) | Week Ending | Hours | Total |
|-------------------------|-------------------|------------------|-------------|-------|-----------------|
| Larry Danielson | Principal | 684 | March 8th | 1 | \$684 |
| | | | March 15th | 1 | \$684 |
| | | | March 22nd | 1 | \$684 |
| | | | March 29th | 1 | \$684 |
| | | | April 5th | 1 | \$684 |
| Sub Total | | | | | \$3,420 |
| Gordon Sanders | Principal | 684 | March 8th | 0 | \$0 |
| | | | March 15th | 5 | \$3,420 |
| | | | March 22nd | 8 | \$5,472 |
| | | | March 29th | 11 | \$7,524 |
| | | | April 5th | 0 | \$0 |
| Sub Total | | | | | \$16,416 |
| Mark Trayers | Senior Consultant | 420 | March 8th | 20 | \$8,400 |
| | | | March 15th | 20 | \$8,400 |
| | | | March 22nd | 20 | \$8,400 |
| | | | March 29th | 20 | \$8,400 |
| | | | April 5th | 5 | \$2,100 |
| Sub Total | | | | | \$35,700 |
| Engagement Total | | | | | \$55,536 |

Deloitte.

| Name: | Level: | Hourly Rate (\$) | Week Ending | Hours | Total |
|-------------------------|-------------------|------------------|-------------|-------|-----------------|
| Larry Danielson | Principal | 684 | April 12th | 0 | \$0 |
| | | | April 19th | 0 | \$0 |
| | | | April 26th | 0 | \$0 |
| | | | May 3rd | 9 | \$6,156 |
| | | | May 10th | 9 | \$6,156 |
| | | | May 17th | 4 | \$2,736 |
| Sub Total | | | | | \$15,048 |
| Gordon Sanders | Principal | 684 | April 12th | 0 | \$0 |
| | | | April 19th | 0 | \$0 |
| | | | April 26th | 0 | \$0 |
| | | | May 3rd | 0 | \$0 |
| | | | May 10th | 4 | \$2,736 |
| | | | May 17th | 0 | \$0 |
| Sub Total | | | | | \$2,736 |
| Mark Trayers | Senior Consultant | 420 | April 12th | 2 | \$840 |
| | | | April 19th | 2 | \$840 |
| | | | April 26th | 2 | \$840 |
| | | | May 3rd | 4 | \$1,680 |
| | | | May 10th | 2 | \$840 |
| | | | May 17th | 9 | \$3,780 |
| Sub Total | | | | | \$8,820 |
| Engagement Total | | | | | \$26,604 |