

April 30, 2009

STATE OF IOWA
BEFORE THE IOWA STATE UTILITIES BOARD IOWA UTILITIES BOARD

IN RE: :
IOWA-AMERICAN WATER COMPANY : DOCKET NO. RPU-09-____
APPLICATION FOR :
REVISION OF RATES : RPU-2009-0004

DIRECT TESTIMONY OF
PAUL R. HERBERT

I. QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Paul R. Herbert. My business address is 207 Senate Avenue,
Camp Hill, Pennsylvania.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by Gannett Fleming, Inc.

**Q. PLEASE DESCRIBE YOUR POSITION WITH GANNETT FLEMING, INC.
AND BRIEFLY STATE YOUR GENERAL DUTIES AND RESPONSIBILITIES.**

A. I am President of the Valuation and Rate Division. My duties and
responsibilities include the preparation of accounting and financial data for
revenue requirement and cash working capital claims, the allocation of cost of
service to customer classifications, and the design of customer rates in
support of public utility rate filings.

**Q. HAVE YOU PRESENTED TESTIMONY IN RATE PROCEEDINGS BEFORE
A REGULATORY AGENCY?**

A. Yes. I have testified before the Pennsylvania Public Utility Commission, the
New Jersey Board of Public Utilities, the Public Utilities Commission of Ohio,
the Public Service Commission of West Virginia, the Kentucky Public Service

1 Commission, the Iowa State Utilities Board, the Virginia State Corporation
2 Commission, the Illinois Commerce Commission, the Delaware Public Service
3 Commission, the Arizona Corporation Commission, the Tennessee Regulatory
4 Authority, the California Public Utilities Commission, New Mexico Public
5 Regulation Commission and the Missouri Public Service Commission
6 concerning revenue requirements, cost of service allocation, rate design and
7 cash working capital claims. A list of the cases in which I have testified is
8 provided at the end of my Direct Testimony.

9 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

10 A. I have a Bachelor of Science Degree in Finance from the Pennsylvania State
11 University, University Park, Pennsylvania.

12 **Q. WOULD YOU PLEASE DESCRIBE YOUR PROFESSIONAL**
13 **AFFILIATIONS?**

14 A. I am a member of the American Water Works Association and serve as a
15 member of the Management Committee for the Pennsylvania Section. I am
16 also a member of the Pennsylvania Municipal Authorities Association. In
17 1998, I became a member of the National Association of Water Companies as
18 well as a member of its Rates and Revenue Committee.

19 **Q. BRIEFLY DESCRIBE YOUR WORK EXPERIENCE.**

20 A. I joined the Valuation Division of Gannett Fleming Corddry and Carpenter, Inc.,
21 predecessor to Gannett Fleming, Inc., in September 1977, as a Junior Rate
22 Analyst. Since then, I advanced through several positions and was assigned
23 the position of Manager of Rate Studies on July 1, 1990. On June 1, 1994, I

1 was promoted to Vice President of the Valuation and Rate Division and on July
2 1, 2007, I was promoted to my current position as President.

3 While attending Penn State, I was employed during the summers of 1972,
4 1973 and 1974 by the United Telephone System - Eastern Group in its
5 accounting department. Upon graduation from college in 1975, I was
6 employed by Herbert Associates, Inc., Consulting Engineers (now Herbert
7 Rowland and Grubic, Inc.), as a field office manager until September 1977.

8 **II. COST OF SERVICE ALLOCATION**

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

10 A. My testimony is in support of the cost of service allocation and rate design
11 studies conducted under my direction and supervision for the Iowa-American
12 Water Company (the "Company" or "Iowa-American").

13 **Q. HAVE YOU PREPARED AN EXHIBIT PRESENTING THE RESULTS OF**
14 **YOUR STUDY?**

15 A. Yes. Exhibit ____ [PRH-1] presents the results of the allocation of the pro
16 forma cost of service for the Clinton and Quad Cities Districts to the several
17 customer classifications as of December 31, 2008, and the proposed rate
18 design.

19 **Q. BRIEFLY DESCRIBE THE PURPOSE OF YOUR COST ALLOCATION**
20 **STUDY ("STUDY").**

21 A. The purpose of the Study was to allocate the total cost of service for each
22 District, to the several customer classifications. The cost of service includes
23 operation and maintenance expenses, depreciation expense and
24 amortizations, taxes other than income, income taxes and income available for

1 return. In the Study, the total costs were allocated to the residential,
2 commercial, industrial, other public authority, private fire protection and public
3 fire protection classifications in accordance with generally-accepted principles
4 and procedures. The cost of service allocation results in indications of the
5 relative cost responsibilities of each class of customers within each district.
6 The allocated cost of service is one of several criteria appropriate for
7 consideration in designing customer rates to produce the required revenues.

8 **Q. PLEASE DESCRIBE THE METHOD OF COST ALLOCATION THAT WAS**
9 **USED IN YOUR STUDY.**

10 A. The base-extra capacity method, as described in 2000 and prior Water Rates
11 Manuals published by the American Water Works Association (“AWWA”), was
12 used to allocate the pro forma costs. The method is a recognized method for
13 allocating the cost of providing water service to customer classifications in
14 proportion to the classifications' use of the commodity, facilities and services.
15 It is generally accepted as a sound method for allocating the cost of water
16 service, and it was the method used in the Company’s last cost of service
17 study.

18 **Q. IS THE METHOD DESCRIBED IN EXHIBIT ____ [PRH-1]?**

19 A. Yes. It is described on pages I-3 and I-4 of the Exhibit.

20 **Q. PLEASE DESCRIBE THE PROCEDURE FOLLOWED IN THE COST**
21 **ALLOCATION STUDY.**

22 A. Each element of cost in the pro forma cost of service was allocated to
23 customer classifications through the use of appropriate allocation factors. The
24 allocations are presented in Exhibit ____ [PRH-1], Schedules 2-C (for the

1 Clinton District) and 2-Q (for the Quad Cities District). The items of cost, which
2 include operation and maintenance expenses, depreciation and amortization
3 expenses, taxes and income available for return, are identified in column 1 of
4 each Schedule. The cost of each item, shown in column 3, is allocated to the
5 several cost functions based on allocation factors referenced in column 2. The
6 development of the allocation factors is presented in Schedules 3-C and 3-Q
7 of the Exhibit, for the Clinton and Quad Cities Districts, respectively.

8 The four basic cost functions are base, extra capacity, customer and fire
9 protection costs. Base Costs are costs that tend to vary with the quantity of
10 water used, plus costs associated with supplying, treating, pumping and
11 distributing water to customers under average load conditions, without the
12 elements necessary to meet peak demands. Base costs are allocated to
13 customer classifications based on average daily usage.

14 Extra Capacity Costs are costs associated with meeting usage requirements in
15 excess of average. They include the operating and capital costs for additional
16 plant and system capacity beyond that required for average use. Extra
17 capacity costs were subdivided into costs to meet maximum day extra capacity
18 and maximum hour extra capacity requirements. Extra capacity costs are
19 allocated based on each classification's usage in excess of average usage.

20 Customer Costs are costs associated with serving customers regardless of
21 their usage or demand characteristics. Customer costs are subdivided into
22 customer facilities costs, which include meters and services, and customer
23 accounting costs, which include billing and meter reading functions. Customer

1 facilities and accounting costs are allocated to classes based on the relative
2 cost of meters by size and the number of bills, respectively.

3 Fire Protection Costs are costs associated with providing the facilities to meet
4 the potential peak demand of fire protection service as well as direct costs
5 such as the cost for fire hydrants. The demand costs for fire protection are
6 subdivided into costs for Private Fire Protection and Public Fire Protection on
7 the basis of relative potential demands.

8 **Q. PLEASE PROVIDE EXAMPLES OF THE COST ALLOCATION PROCESS.**

9 A. I will use some of the larger cost items to illustrate the principles and
10 considerations used in the cost allocation methodology. Purchased electric
11 power and treatment chemicals are examples of costs that tend to vary with
12 the amount of water consumed and are considered base costs. Thus, Factor
13 1 shown in Schedules 3-C and 3-Q, directly assigns these costs to customer
14 classification based on average daily usage.

15 Other source of supply, pumping, purification and transmission costs are
16 associated with meeting usage requirements in excess of the average,
17 generally to meet maximum day requirements. Costs of this nature were
18 allocated partially as base costs, proportional to average daily consumption,
19 partially as maximum day extra capacity costs, in proportion to maximum day
20 extra capacity, and, in the case of certain pumping stations and transmission
21 mains, partially as fire protection costs, through the use of Factors 2 and 3.
22 The development of the allocation factors, referenced as Factors 2 and 3
23 shown in Schedules 3-C and 3-Q, is based on the system peak day ratio, the

1 potential demand of fire protection and the estimated extra capacity factors for
2 each classification.

3 Costs associated with distribution mains and storage facilities were allocated
4 partly on the basis of average consumption and partly on the basis of
5 maximum hour extra demand, including the demand for fire protection service,
6 because these facilities are designed to meet maximum hour and fire demand
7 requirements. The development of the factors, referenced as Factors 4 and 5,
8 used for these allocations is shown in Schedules 3-C and 3-Q. Fire demand
9 costs were allocated to public and private fire protection service in proportion
10 to the relative potential demands on the system by public fire hydrants as
11 compared to the demands for private fire services.

12 Costs associated with pumping facilities were allocated on a combined bases
13 of maximum day, maximum day including fire and maximum hour extra
14 capacity because pumping facilities serve these functions. The relative
15 weightings of Factor 2 (maximum day), Factor 3 (maximum day with fire) and
16 Factor 4 (maximum hour) for pumping facilities were based on the horsepower
17 of the pumps serving these functions. The development of the pump
18 horsepower serving each function was based on a review and classification of
19 each pumping station in the system. The development of these weighted
20 factors is referenced as Factor 6, in Schedules 3-C and 3Q.

21 Operation and maintenance costs for transmission and distribution mains were
22 allocated on the combined bases of Factor 3 (maximum day with fire) for
23 transmission mains and Factor 4 (maximum hour) for distribution mains. The

1 weighting of the factors was based on the footage of mains and is referenced
2 as Factor 7, in Schedules 3-C and 3-Q.

3 Costs associated with meters and services facilities were assigned to
4 customer classifications based on the relative cost of meters and services by
5 size using Factors 9 and 10, shown on both Schedules 3-C and 3-Q. Billing
6 and collection costs and meter reading were allocated based on the number of
7 customers by classification using Factors 13 and 14. Operating and capital
8 costs associated with public fire hydrants were assigned directly, through
9 Factor 8, to the public fire protection class.

10 Administrative and general costs were allocated on the basis of allocated
11 direct costs excluding those costs such as purchased power and chemicals,
12 which require little administrative and general expense. The development of
13 factors for this allocation, referenced as Factor 15, is presented on pages II-27
14 and III-27 of Exhibit ___ [PRH-1]. Cash working capital, an item of rate base,
15 was allocated on the basis of allocated direct costs, including purchased
16 water, power, chemicals and waste disposal, since these items would affect
17 the calculation of cash working capital. The development of the factor
18 referenced as Factor 15A, is presented on page II-27 and III-27 of Exhibit ___
19 [PRH-1].

20 Annual depreciation accruals were allocated on the basis of the function of the
21 facilities represented by the depreciation expense for each depreciable plant
22 account. The original cost rate base was similarly allocated for the purpose of
23 developing factors, referenced as Factor 18, for allocating items such as

1 income taxes and return. The development of Factor 18 is presented on
2 pages II-29 through II-32 and III-29 through III-32 of Exhibit ____ [PRH-1].

3 Factor 18, as well as Factor 15 discussed earlier, are composite allocation
4 factors. Composite factors are generated internally in the cost allocation
5 program based on the results of allocating other costs. Factors 11, 12, 15A,
6 16, 17, and 19 also are composite factors. Refer to Schedules 2-C and 2-Q of
7 Exhibit ____ [PRH-1] for a description of the basis of each composite factor.

8 **Q. WHAT WAS THE SOURCE OF THE TOTAL COST OF SERVICE DATA SET**
9 **FORTH IN COLUMN 3 OF SCHEDULES 2-C AND 2-Q OF EXHIBIT ____**
10 **[PRH-1]?**

11 A. The pro forma costs of service were furnished by the Company, and are set
12 forth in Company exhibits sponsored by Mr. Dennis Williams.

13 **Q. PLEASE EXPLAIN THE ALLOCATION OF SMALL MAINS IN QUAD CITIES**
14 **DISTRICT.**

15 A. Factor 4, used to allocate distribution mains, was modified to exclude
16 consumption for a large contract industrial customer connected to a 20-inch
17 transmission main. This was done to recognize that this customer is
18 connected directly to the transmission system and does not benefit from the
19 smaller distribution mains.

20 **Q. HOW WAS THIS ADJUSTMENT ACCOMPLISHED?**

21 A. In Quad Cities, the largest industrial customer was connected to a 20-inch
22 main. The test year consumption for this customer was excluded from the
23 industrial class for the basis of developing Factor 4.

1 **Q. HOW WERE THE COSTS ALLOCATED TO PUBLIC FIRE PROTECTION**
2 **TREATED?**

3 A. Since there are no public fire hydrant rates, the costs related to public fire
4 protection were reallocated to the remaining classes, excluding private fire,
5 based on the meter equivalents factor.

6 **Q. HAVE YOU SUMMARIZED THE RESULTS OF YOUR COST ALLOCATION**
7 **STUDY?**

8 A. Yes. The results are summarized in columns 2 and 3 of Schedules 1-C and 1-
9 Q appearing at pages II-2 and III-2 respectively, of Exhibit ____ [PRH-1]. The
10 total allocated pro forma cost of service as of December 31, 2008, for each
11 customer classification identified in column 1 is brought forward from
12 Schedules 2-C and 2-Q and shown in column 2. Column 3 presents each
13 customer classification's cost responsibility as a percent of the total cost.

14 **Q. HAVE YOU COMPARED THESE COST RESPONSIBILITIES WITH THE**
15 **PROPORTIONATE REVENUE UNDER EXISTING RATES FOR EACH**
16 **CUSTOMER CLASSIFICATION?**

17 A. Yes. A comparison of the allocated cost responsibilities and the percentage of
18 revenue under existing rates can be made by comparing columns 3 and 5 of
19 Schedules 1-C and 1-Q of Exhibit ____ [PRH-1]. A similar comparison of the
20 percentage cost responsibilities (relative cost of service) and the percentage of
21 pro forma revenues (relative revenues) under proposed rates can be made by
22 comparing columns 3 and 7 of Schedules 1-C and 1-Q of Exhibit ____ [PRH-1].
23 The proposed increase and the percent increase by class are shown in
24 columns 8 and 9, respectively.

1 **III. CUSTOMER RATE DESIGN**

2 **Q. ARE YOU RESPONSIBLE FOR THE DESIGN OF THE RATE SCHEDULES**
3 **PROPOSED BY THE COMPANY IN THIS PROCEEDING?**

4 A. Yes, I am.

5 **Q. IS THE PROPOSED RATE STRUCTURE PRESENTED IN AN EXHIBIT?**

6 A. Yes. A comparison of the present and proposed rate schedules is presented
7 in Schedules 5-C and 5-Q on pages IV-2 and IV-3 of Exhibit ____ [PRH-1].

8 **Q. WHAT ARE THE APPROPRIATE CRITERIA TO BE CONSIDERED IN THE**
9 **DESIGN OF THE RATE STRUCTURE?**

10 A. In preparing a rate structure, one should consider the allocated costs of
11 service, the impact of radical changes from the present rate structure, the
12 understandability and ease of application of the rate structure, community and
13 social influences, and the value of service. General guidelines should be
14 developed with management to determine the extent to which each of these
15 criteria is to be incorporated in the rate structure to be designed, inasmuch as
16 the pricing of a commodity or service ultimately should be a function of
17 management.

18 **Q. WHAT WERE THE GUIDELINES DEVELOPED BY YOU AND THE**
19 **MANAGEMENT OF IOWA-AMERICAN?**

20 A. They were (1) to maintain the existing rate structure for each District that
21 includes a customer charge by meter size and declining-block consumption
22 charges applicable to all classifications; (2) to move Quad Cities private fire
23 service rates toward Clinton private fire service rates; and, (3) to increase
24 revenues among the remaining classes toward the indicated cost of service
25 without excessive increases to any one class.

1 **Q. DO THE PROPOSED RATES COMPLY WITH THESE GUIDELINES?**

2 A. Yes, they do.

3 **Q. PLEASE EXPLAIN THE PROPOSED CUSTOMER CHARGES.**

4 A. The customer charges for the Clinton District were increased approximately
5 28.8% across-the-board over existing customer charges. This results in a
6 monthly customer charge of \$12.75 for a 5/8-inch meter. The \$12.75 per
7 month charge is significantly below the monthly customer cost of \$18.00.

8 The customer charges for the Quad Cities District were increased
9 approximately 29.5% across-the-board over existing customer charges. This
10 results in a monthly customer charge of \$9.75 for a 5/8-inch meter. The \$9.75
11 per month charge is significantly below the monthly customer cost of \$12.95.

12 **Q. HOW WERE THE CONSUMPTION CHARGES DETERMINED?**

13 A. After the proposed customer charges were applied to the bill analysis, the
14 existing consumption charges were increased so that revenues from each
15 class generally moved toward the indicated cost of service and that total
16 revenues equaled the proposed revenue requirement.

17 **Q. WHY NOT INCREASE RATES TO TOTALLY REFLECT THE TRUE COST
18 TO SERVE EACH CUSTOMER CLASS?**

19 A. One of the rate design guidelines was to avoid excessive increases to any one
20 class, commonly known as rate shock. Both the Company and I agree that
21 cost of service studies are a valuable tool in setting rates. However,
22 gradualism is also an important element to consider in the rate design process.

23 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

24 A. Yes, it does.

PAUL R. HERBERT – LIST OF CASES TESTIFIED

	<u>Year</u>	<u>Jurisdiction</u>	<u>Docket No.</u>	<u>Client/Utility</u>	<u>Subject</u>
1.	1983	Pa. PUC	R-832399	T. W. Phillips Gas and Oil Co.	Pro Forma Revenues
2.	1989	Pa. PUC	R-891208	Pennsylvania-American Water Company	Bill Analysis and Rate Application
3.	1991	PSC of W. Va.	91-106-W-MA	Clarksburg Water Board	Revenue Requirements (Rule 42)
4.	1992	Pa. PUC	R-922276	North Penn Gas Company	Cash Working Capital
5.	1992	NJ BPU	WR92050532J	The Atlantic City Sewerage Company	Cost Allocation and Rate Design
6.	1994	Pa. PUC	R-943053	The York Water Company	Cost Allocation and Rate Design
7.	1994	Pa. PUC	R-943124	City of Bethlehem	Revenue Requirements, Cost Allocation, Rate Design and Cash Working Capital
8.	1994	Pa. PUC	R-943177	Roaring Creek Water Company	Cash Working Capital
9.	1994	Pa. PUC	R-943245	North Penn Gas Company	Cash Working Capital
10.	1994	NJ BPU	WR94070325	The Atlantic City Sewerage Company	Cost Allocation and Rate Design
11.	1995	Pa. PUC	R-953300	Citizens Utilities Water Company of Pennsylvania	Cost Allocation and Rate Design
12.	1995	Pa. PUC	R-953378	Apollo Gas Company	Revenue Requirements and Rate Design
13.	1995	Pa. PUC	R-953379	Carnegie Natural Gas Company	Revenue Requirements and Rate Design
14.	1996	Pa. PUC	R-963619	The York Water Company	Cost Allocation and Rate Design
15.	1997	Pa. PUC	R-973972	Consumers Pennsylvania Water Company - Shenango Valley Division	Cash Working Capital
16.	1998	Ohio PUC	98-178-WS-AIR	Citizens Utilities Company of Ohio	Water and Wastewater Cost Allocation and Rate Design
17.	1998	Pa. PUC	R-984375	City of Bethlehem - Bureau of Water	Revenue Requirement, Cost Allocation and Rate Design
18.	1999	Pa. PUC	R-994605	The York Water Company	Cost Allocation and Rate Design
19.	1999	Pa. PUC	R-994868	Philadelphia Suburban Water Company	Cost Allocation and Rate Design
20.	1999	PSC of W.Va.	99-1570-W-MA	Clarksburg Water Board	Revenue Requirements (Rule 42), Cost Allocation and Rate Design
21.	2000	Ky. PSC	2000-120	Kentucky-American Water Company	Cost Allocation and Rate Design
22.	2000	Pa. PUC	R-00005277	PPL Gas Utilities	Cash Working Capital
23.	2000	NJ BPU	WR00080575	Atlantic City Sewerage Company	Cost Allocation and Rate Design
24.	2001	Ia. St Util Bd	RPU-01-4	Iowa-American Water Company	Cost Allocation and Rate Design
25.	2001	Va. St. Corp	PUE010312	Virginia-American Water Company	Cost Allocation and Rate Design
26.	2001	WV PSC	01-0326-W-42T	West-Virginia American Water Company	Cost Allocation And Rate Design
27.	2001	Pa. PUC	R-016114	City of Lancaster	Tapping Fee Study
28.	2001	Pa. PUC	R-016236	The York Water Company	Cost Allocation and Rate Design
29.	2001	Pa. PUC	R-016339	Pennsylvania-American Water Company	Cost Allocation and Rate Design
30.	2001	Pa. PUC	R-016750	Philadelphia Suburban Water Company	Cost Allocation and Rate Design
31.	2002	Va. St. Corp Cm	PUE-2002-00375	Virginia-American Water Company	Cost Allocation and Rate Design
32.	2003	Pa. PUC	R-027975	The York Water Company	Cost Allocation and Rate Design
33.	2003	Tn Reg. Auth	03-	Tennessee-American Water Company	Cost Allocation and Rate Design
34.	2003	Pa. PUC	R-038304	Pennsylvania-American Water Company	Cost Allocation and Rate Design
35.	2003	NJ BPU	WR03070511	New Jersey-American Water Company	Cost Allocation and Rate Design
36.	2003	Mo. PSC	WR-2003-0500	Missouri-American Water Company	Cost Allocation and Rate Design
37.	2004	Va. St. Corp Cm	PUE-200 -	Virginia-American Water Company	Cost Allocation and Rate Design
38.	2004	Pa. PUC	R-038805	Pennsylvania Suburban Water Company	Cost Allocation and Rate Design
39.	2004	Pa. PUC	R-049165	The York Water Company	Cost Allocation and Rate Design
40.	2004	NJ BPU	WRO4091064	The Atlantic City Sewerage Company	Cost Allocation and Rate Design
41.	2005	WV PSC	04-1024-S-MA	Morgantown Utility Board	Cost Allocation and Rate Design
42.	2005	WV PSC	04-1025-W-MA	Morgantown Utility Board	Cost Allocation and Rate Design
43.	2005	Pa. PUC	R-051030	Aqua Pennsylvania, Inc.	Cost Allocation and Rate Design

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<u>Year</u>	<u>Jurisdiction</u>	<u>Docket No.</u>	<u>Client/Utility</u>	<u>Subject</u>	
44.	2006	Pa. PUC	R-051178	T. W. Phillips Gas and Oil Co.	Cost Allocation and Rate Design
45.	2006	Pa. PUC	R-061322	The York Water Company	Cost Allocation and Rate Design
46.	2006	NJ BPU	WR-06030257	New Jersey American Water Company	Cost Allocation and Rate Design
47.	2006	Pa. PUC	R-061398	PPL Gas Utilities, Inc.	Cost Allocation and Rate Design
48.	2006	NM PRC	06-00208-UT	New Mexico American Water Company	Cost Allocation and Rate Design
49.	2006	Tn Reg Auth	06-00290	Tennessee American Water Company	Cost Allocation and Rate Design
50.	2007	Ca. PUC	U-339-W	Suburban Water Systems	Water Conservation Rate Design
51.	2007	Ca. PUC	U-168-W	San Jose Water Company	Water Conservation Rate Design
52.	2007	Pa. PUC	R-00072229	Pennsylvania American Water Company	Cost Allocation and Rate Design
53.	2007	Ky. PSC	2007-00143	Kentucky American Water Company	Cost Allocation and Rate Design
54.	2007	Mo. PSC	WR-2007-0216	Missouri American Water Company	Cost Allocation and Rate Design
55.	2007	Oh. PUC	07-1112-WS-AIR	Ohio American Water Company	Cost Allocation and Rate Design
56.	2007	Il. CC	07-0507	Illinois American Water Company	Customer Class Demand Study
57.	2007	Pa. PUC	R-00072711	Aqua Pennsylvania, Inc.	Cost Allocation and Rate Design
58.	2007	NJ BPU	WR07110866	The Atlantic City Sewerage Company	Cost Allocation and Rate Design
59.	2007	Pa. PUC	R-00072492	City of Bethlehem – Bureau of Water	Revenue Requirements, Cost Alloc.
60.	2007	WV PSC	07-0541-W-MA	Clarksburg Water Board	Cost Allocation and Rate Design
61.	2007	WV PSC	07-0998-W-42T	West Virginia American Water Company	Cost Allocation and Rate Design
62.	2008	NJ BPU	WR08010020	New Jersey American Water Company	Cost Allocation and Rate Design
63.	2008	Va St Corp Com		Virginia American Water Company	Cost Allocation and Rate Design
64.	2008	Tn. Reg. Auth.	08-00039	Tennessee American Water Company	Cost Allocation and Rate Design
65.	2008	Mo PSC	WR-2008-0311	Missouri American Water Company	Cost Allocation and Rate Design
66.	2008	De PSC	08-96	Artesian Water Company, Inc.	Cost Allocation and Rate Design
67.	2008	Pa PUC	R-2008-2032689	Penna. American Water Co. – Coatesville Wastewater	Cost Allocation and Rate Design
68.	2008	AZ Corp. Com.	W-01303A-08-0227 SW-01303A-08-0227	Arizona American Water Co. - Water . - Wastewater	Cost Allocation and Rate Design
69.	2008	Pa PUC	R-2008-2023067	The York Water Company	Cost Allocation and Rate Design
70.	2008	WV PSC	08-0900-W-42T	West Virginia American Water Company	Cost Allocation and Rate Design
71.	2008	Ky PSC	2008-00250	Frankfort Electric and Water Plant Board	Cost Allocation and Rate Design
72.	2008	Ky PSC	2008-00427	Kentucky American Water Company	Cost Allocation and Rate Design
73.	2009	PaPUC	2008-2079660	UGI – Penn Natural Gas	Cost of Service Allocation
74.	2009	PaPUC	2008-2079675	UGI – Central Penn Gas	Cost of Service Allocation

AFFIDAVIT

State of Pennsylvania)
)
County of Cumberland) ss:

I, Paul R. Herbert, being first duly sworn, state that I am President of the Valuation and Rate Division of Gannett Fleming, Inc., that the foregoing Direct Testimony is true and correct to the best of my knowledge, information and belief.

 /s/ Paul R. Herbert
Paul R. Herbert

SUBSCRIBED and sworn to before me this 24th day of April, 2009.

 /s/ Cheryl Ann Rutter

My commission expires: February 20, 2011