

CITIZENS' ELECTRIC COMPANY

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February 25, 2010

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Mr. James J. McNulty
Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

M-00940557

Dear Secretary McNulty:

Enclosed please find Citizens' Electric Company's Annual Minority, Women and Disadvantaged Business Enterprise (MWD BE) Vendor Program Activity Report for 2009. Please contact me at 570-522-6143 or kelchnerj@citizenselectric.com if I can answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Kelchner". The signature is fluid and cursive, written over a white background.

John A. Kelchner, PE
V.P. of Engineering & Operations

CITIZENS' ELECTRIC COMPANY
ANNUAL MINORITY, WOMEN AND DISADVANTAGED BUSINESS ENTERPRISE
(MWDBE) VENDOR PROGRAM ACTIVITY REPORT (§ 69.809) FOR 2009

Report Completed By: John A. Kelchner, V.P. of Engineering & Operations Date: February 25, 2010

(1) A description of minority/women/persons with disabilities-owned business program activities engaged in during the previous calendar year. This description includes both internal and external activities.

During 2009, the Company's MWDBE vendor list was reviewed and updated as appropriate. Vendors identified as MWDBE certified are flagged in the Company's computerized purchasing system. A report is available in the system to keep the Purchasing Agent informed of active eligible MWDBEs. Distributors are routinely encouraged to submit bids from MWDBE suppliers.

(2) A description of progress in meeting or exceeding the proposed levels and an explanation of circumstances that may have caused the utility to fall short of its established minimum improvement levels.

As noted in its most recent Bureau of Audits Management Efficiency Audit, the Company believes it has little opportunity to purchase from MWDBE vendors due to the nature of goods and services purchased, and the lack of MWDBE vendors in its service area. Nonetheless, the Company will continue to endeavor to incorporate diversity in the business strategy for procuring goods and services through the following goals:

- The Company will continue to actively seek MWDBE vendors for inclusion in our vendor list.
- Certified MWDBE vendors will be awarded purchase orders in accordance with the MWDBE Vendor Selection Criteria listed in the Company's MWDBE Vendor Procedure.

During 2009, Citizens' purchased a total of \$16,476 in goods and services from MWDBEs. This is an increase of 980% over last year's total.

- (3) *A description of innovative approaches to encourage minority/ women/persons with disabilities-owned business development, partnering, subcontracting, joint-venturing and venture capital projects.*

The Company continues to publicize its interest in purchasing from MWDBE suppliers through personal interaction with vendors and distributors. The Company has also incorporated a statement of MWDBE participation encouragement on all Requests for Quote sent to suppliers.

- (4) *A summary of prime contractors which report utilization of minority/women/persons with disabilities-owned business subcontractors indicating the number of disability-owned business subcontractors and the associated dollars.*

The Company contracts for various services including vegetation maintenance, pole inspection, landscaping, janitorial, and various computer software and hardware support functions. The Company is not aware of any MWDBE vendors offering these services within its territory, but will continue to seek qualified MWDBE vendors for consideration.

- (5) *An explanation for the continued classification of exempt procurement for products or services which have been used to set minimum levels of improvement because of the established unavailability of minority/women/persons with disabilities-owned business suppliers.*

No products or services have been classified as exempt from the Company's MWDBE procurement procedure.

Philadelphia Gas Works

Denise Adamucci
Senior Attorney



800 W. Montgomery Avenue,
Philadelphia, PA 19122
Phone (215) 684-6745
Facsimile (215) 684-6798
Email denise.adamucci@pgworks.com

February 25, 2010

VIA FIRST CLASS MAIL

Secretary James J. McNulty
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

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and

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Office of Communications
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 3rd Floor
400 North Street
Harrisburg, PA 17120

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2010 MAR 21 AM 9:54
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SECRETARY'S BUREAU

Re: **Annual Report on Diversity**

Dear Sirs/madam:

Please be advised that the letter attaching Philadelphia Gas Works' Annual Report on Diversity dated February 25, 2010 was inadvertently dated 2009. The Report was properly dated. Please contact me with any concerns.

Very Truly Yours,

Denise Adamucci

Philadelphia Gas Works

Denise Adamucci
Senior Attorney



800 W. Montgomery Avenue,
Philadelphia, PA 19122
Phone (215) 684-6745
Facsimile (215) 684-6798
Email denise.adamucci@pgworks.com

February 25, 2009 2010 DF

**VIA FIRST CLASS MAIL
AND FEDERAL EXPRESS**

Secretary James J. McNulty
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

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400 North Street
Harrisburg, PA 17120

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2010 MAR 21 AM 10:32
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SECRETARY'S BUREAU

Re: Annual Report on Diversity

Dear Sirs/madam:

In accordance with 52 Pa.Code § 69.809, enclosed please find Philadelphia Gas Works' Annual Report on Diversity. Please contact me with any concerns.

Very Truly Yours,

Denise Adamucci

Cc: Abby Pozefsky, Esq. (via interoffice mail)
Lorraine Webb(via interoffice mail)
Jo Ann Muniz(via interoffice mail)

Enclosure

**REPORT ON DIVERSITY TO THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

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PHILADELPHIA GAS WORKS

February 25, 2010
CONFIDENTIAL

**REPORT ON DIVERSITY TO THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

HUMAN RESOURCES AND PROCUREMENT

PHILADELPHIA GAS WORKS

February 25, 2010
CONFIDENTIAL

PROCUREMENT SECTION

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PROCUREMENT SECTION

NARRATIVE ON M/W/DBE EFFORTS

INTERNAL EFFORTS. Instructions: Describe the internal minority, women, and people with disabilities-owned business enterprise (M/W/DBE) program efforts engaged in during the previous calendar year. This description should include a narrative on the corporate initiatives directed toward improving the level of diversity participation within the procurement process and any specific procurement training of employees regarding diversity participation. A great deal of individual freedom is provided to express positive aspects of the company's efforts.

PGW RESPONSE: PGW continues to place significant importance and value on having a diverse supplier base. PGW's Procurement department (Procurement) works to have a supplier base which resembles the diverse make-up of the customers we serve. In that pursuit, increasing the utilization of M/W/DBE firms is an on-going corporate goal as well as an annual goal for Procurement. Procurement continues to be involved in a series of internal forums, such as a competitive contract committee, Request for Proposal (RFP) preparation meetings, departmental staff meetings, and others, wherein Procurement personnel encourage client groups to both consider M/W/DBE firms and set goals for the participation of such firms. Procurement utilizes various on-line and other tools to engage in outreach to potential M/W/DBE vendors.

With regard to M/W/DBE spending, PGW currently captures information on the following activities: direct spend (purchase orders placed directly with M/W/DBE firms) and sub-contractor/second-tier spending. The data associated with these spend totals is collected on a monthly basis and is recorded both on the organization level and by department. The resulting data allows each department to monitor its successes and progress.

As indicated in prior reporting, PGW utilizes a competitive bidding process for most product and non-professional service purchases, the Request for Quotation (RFQ) process, and is bound to accept the lowest technically acceptable response to the applicable RFQ. In Fiscal Year 2009, Procurement personnel attended trade shows and other events which provided opportunities to meet representatives from local M/W/DBE firms. Such attendance has allowed PGW to establish meaningful dialogue with these firms and to explain our procurement rules and policies.

Additionally, PGW undertook a new project in Fiscal Year 2009 and has been working as a corporate member with the National Minority Supplier Development Council (NMSDC of PA-NJ-DE) in their "Fast Track" program. This initiative is intended to aid existing businesses in developing the skills and competencies within their forms. The objective is to then grow these businesses as a result of process efficiencies increased customer service and improved financial strength.

PROCUREMENT SECTION

NARRATIVE ON M/W/DBE EFFORTS [CONT.]

EXTERNAL EFFORTS. Instructions: Describe the external minority, women and people with disabilities-owned business enterprise (M/W/DBE) program efforts engaged in during the previous calendar year. This description should include any innovative approaches to encourage M/W/DBE development, partnering, joint-venturing and vendor capital projects. As appropriate, a description of terms may be included to enhance understanding. A great deal of individual freedom is provided to express positive aspects of the company's efforts.

PGW RESPONSE: In Fiscal Year 2009, PGW participated in a number of local events in an effort to promote procurement opportunities to M/W/DBE firms. PGW's membership in the regional Minority Supplier Development Council (MSDC of PA-NJ & DE) and the Purchasing Management Association of Philadelphia (an Institute of Supply Management or, ISM affiliate) provided opportunities to meet with corporate representatives and entrepreneurs in the hope of attracting new M/W/DBE vendors. At these meetings, colleagues from other companies - including some from outside the utility industry - share information on vendors who had been used successfully, and business owners provided product, service and reference information to demonstrate their capabilities.

An additional resource in PGW's efforts to attract M/W/DBE firms is the posting of professional service contract opportunities, Requests for Proposal (RFP), on our website. This capability yields inquiries and proposals from M/W/DBE firms that traditionally may not have known much about PGW or its processes. This on-line tool allows interested parties to view every open RFP and obtain critical information on meetings and submission dates. PGW believes that the continued use of this tool will provide an increasing level of opportunity for M/W/DBE firms in the tri-state area and beyond.

PGW also has an established relationship with the City of Philadelphia's Office of Economic Opportunity (OEO). In addition to performing vendor certifications, OEO manages City activities to provide increased economic opportunities to M/W/DBE businesses. A meeting with the directors of the OEO has been scheduled for March 2010 to discuss the City of Philadelphia's strategic plan with respect to contract opportunities and goals for M/W/DBE firms. PGW expects to partner with the OEO on programs/initiatives as the plan is rolled out.

PROCUREMENT SECTION

NARRATIVE ON M/W/DBE EFFORTS [CONT.]

SUBCONTRACTING EFFORTS. Instructions: Describe the company's efforts with prime contractors to encourage utilization of M/W/DBE subcontractors. A great deal of individual freedom is provided to express positive aspects of the company's efforts. Subcontracting, for the purpose of this report, includes activities also known as "second-tiering."

PGW RESPONSE: Over the past 16 years, PGW has developed a procurement strategy which targets increased participation by M/W/DBE firms in the performance of construction projects. For various types of projects, from gas main installation projects to footway and roadway paving, Procurement establishes appropriate goals for M/W/DBE participation. These goals are typically realized via a sub-contract with, or material purchases from, M/W/DBE contractors. Based on feedback from some of these contractors, PGW believes that one of the benefits of this strategy has been the development of business relationships between prime contractors and M/W/DBE firms that have carried beyond PGW projects.

In addition, through a variety of departmental and organizational meetings, Procurement examines the needs of the individual business departments in an effort to better understand the needs of the organization. PGW leverages its buying power by combining like requests, and by establishing M/W/DEBE subcontractor participation ranges for RFPs, where appropriate. As a result, PGW has realized additional second-tier dollars on a variety of professional service contracts, including but not limited to projects in the following business areas: Information Services, Engineering, Customer Affairs and Business Transformation.

PROCUREMENT SECTION

UTILITY PROCUREMENT DIVERSITY REPORT

Instructions: This section contains the Utility Procurement Diversity Report. The data should reflect procurement dollars representing total company purchases and purchases from M/W/DBE, both directly and through subcontracting, as of the end of the previous calendar year. A narrative on any significant activity or event impacting the data should also be included.

“Procurement dollars” are defined as the dollars used for the procurement of all goods and services from third parties secured by the Pennsylvania utility, either directly or through subcontracting, for use in Pennsylvania operations.

Expenditures not considered procurement dollars, and therefore not reflected in this report, include direct payments to:

- Employees (paychecks, benefits, expense reimbursements, performance awards, etc.)
- Parent, associated and/or subsidiary companies (charges for services rendered to utility, i.e., accounting, engineering, tax, advertising costs, etc.)
- Government agencies (taxes, street opening fees, license fees, etc.)
- Other utilities for utility services (gas, electric, water and telephone)

Vendors that qualify for more than one classification should not be double-counted. The typical hierarchy is minority-female-disabled person. If a different hierarchy or classification is used, please describe.

The following typical vendor classifications are recommended:

- “Minority” (MBE) includes male and female non-Caucasian-owned businesses
- “Women” (WBE) includes only Caucasian women-owned businesses
- “Disabled” (DBE) includes those businesses whose owners are disabled as defined by the *Americans With Disabilities Act*. This classification can also include agencies that employ 51% or more disabled persons, i.e., a vocational rehabilitation agency or school for the blind.

Utilities are encouraged to use “certified” M/W/DBE. Self-certification is acceptable, but third-party certification is the preferred method.

UTILITY PROCUREMENT DIVERSITY REPORT

September 1, 2008 through August 31, 2009*

* This data has been provided on a Fiscal Year basis

	Total Company Procurement \$	Minority \$ (MBE)	% of Total	Women \$ (WBE)	% of Total	Disability \$ (DBE)	Total \$ (M/W/DBE)	% of Total
Direct	\$65,619,229**	\$5,069,608	7.72	\$2,151,984	3.28	0	\$7,221,592	11.0

* *Natural Gas Purchases and single source items have not been included as part of the Procurement total.

	Total Company Procurement \$	\$ MBE	% of Total	\$ WBE	% of Total	\$ DBE	% of Total	Total \$ (M/W/DBE)	% of Total
Sub- contract	\$65,619,229**	\$664,976	1.01	\$111,418	.17	0	0	\$776,394	1.18

**Procurement Data for Protected Classes
Categorized by Minority, Female and Physically Challenged**

September 1, 2008 through August 31, 2009*

* This data has been provided on a Fiscal Year basis

TOTAL AMOUNT PROCURED FROM PROTECTED CLASSES DIRECTLY	MINORITY\$	% OF TOTAL	FEMALE \$	% OF TOTAL	PHYSICALLY CHALLENGED	PERCENT OF TOTAL
	\$5,069,608	7.72	\$2,151,984	3.28	0	0
SERVICES	\$3,396,637	5.18	\$688,635	1.05	0	0
GOODS	\$1,672,971	2.54	\$1,463,349	2.23	0	0

HUMAN RESOURCES SECTION

WORKFORCE COMPOSITION

Instructions: This section contains in the EEO-1 format, the Company's consolidated workforce in the Commonwealth of Pennsylvania for the past five years. The data should reflect the workforce as of December 31 for each year. In those instances where year-end data is not available for past years because of internal reporting procedures, this fact should be clearly stated. However, current and future year's reporting should reflect year-end data. As the five-year period moves forward, data inconsistent with the year-end should disappear. (See attached formats.)

This section provides the opportunity to add comments explaining anomalies in the data, i.e., downsizings, restructuring, or other organizational changes impacting the data. A great deal of individual freedom is provided.

PGW Response: PGW's Affirmative Action Plan year ends October 31 of each year and data has been provided based on this date. It would be administratively burdensome and costly for PGW to provide data based on a December 31 year end. The data provided herein is based on PGW's EEO-1 Report.

**HUMAN RESOURCES SECTION
PHILADELPHIA GAS WORKS
WORKFORCE COMPOSITION
As of October 31, 2005 (Year One)**

Job Categories	Total	Males Black	Males White	Males Hispanic	Males Asian	Males 2 or more races	Males P.I.	Females Black	Females White	Females Hispanic	Females Asian	Females 2 or more races	Females P.I.
Executive/ Senior Level Officials and Managers	50	5	32	0	1	0	0	4	5	3	0	0	0
First/Mid- Level Officials and Managers	210	29	124	13	1	0	0	19	21	2	1	0	0
Professionals	135	19	60	4	7	0	0	17	25	2	1	0	0
Technicians	153	22	99	10	0	0	0	9	11	2	0	0	0
Sales Workers	8	1	4	0	0	0	0	2	1	0	0	0	0
Admin. Support Workers	440	90	111	32	1	0	0	130	57	17	2	0	0
Craft Workers	430	104	295	28	0	1	0	1	0	1	0	0	0
Operatives	344	129	170	40	0	0	0	3	1	1	0	0	0
Laborers and Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	25	12	5	3	0	0	0	4	1	0	0	0	0
TOTAL	1795												

**HUMAN RESOURCES SECTION
PHILADELPHIA GAS WORKS
WORKFORCE COMPOSITION
As of October 31, 2006 (Year Two)**

Job Categories	Total	Males Black	Males White	Males Hispanic	Males Asian	Males 2 or more races	Males P.I.	Females Black	Females White	Females Hispanic	Females Asian	Females 2 or more races	Females P.I.
Executive/ Senior Level Officials and Managers	55	7	36	0	1	0	0	3	5	3	0	0	0
First/Mid- Level Officials and Managers	200	26	121	13	1	0	0	15	21	2	1	0	0
Professionals	133	19	54	5	7	0	0	18	27	2	1	0	0
Technicians	157	21	102	10	0	0	0	12	9	2	1	0	0
Sales Workers	9	1	3	0	0	0	0	1	3	1	0	0	0
Admin. Support Workers	420	89	108	31	0	0	0	119	55	16	2	0	0
Craft Workers	432	106	295	28	0	1	0	1	0	1	0	0	0
Operatives	328	124	158	41	0	0	0	3	1	1	0	0	0
Laborers and Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	24	11	5	3	0	0	0	4	1	0	0	0	0
TOTAL	1758												

**HUMAN RESOURCES SECTION
PHILADELPHIA GAS WORKS
WORKFORCE COMPOSITION
As of October 31, 2007 (Year Three)**

Job Categories	Total	Males Black	Males White	Males Hispanic	Males Asian	Males 2 or more races	Males P.I.	Females Black	Females White	Females Hispanic	Females Asian	Females 2 or more races	Females P.I.
Executive/ Senior Level Officials and Managers	56	9	35	1	1	0	0	3	4	3	0	0	0
First/Mid- Level Officials and Managers	197	27	115	10	1	0	0	17	21	4	2	0	0
Professionals	133	22	51	6	10	0	0	16	25	2	1	0	0
Technicians	158	24	101	9	0	0	0	13	8	2	1	0	0
Sales Workers	8	2	4	0	0	0	0	1	1	0	0	0	0
Admin. Support Workers	433	85	103	35	1	0	0	122	60	25	2	0	0
Craft Workers	396	92	273	29	0	0	0	1	0	1	0	0	0
Operatives	330	118	174	32	1	0	0	3	1	1	0	0	0
Laborers and Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	15	8	3	2	0	0	0	2	0	0	0	0	0
TOTAL	1726												

**HUMAN RESOURCES SECTION
PHILADELPHIA GAS WORKS
WORKFORCE COMPOSITION
As of October 31, 2008 (Year Four)**

Job Categories	Total	Males Black	Males White	Males Hispanic	Males Asian	Males 2 or more races	Males P.I.	Females Black	Females White	Females Hispanic	Females Asian	Females 2 or more races	Females P.I.
Executive/ Senior Level Officials and Managers	59	9	38	1	1	0	0	3	3	3	1	0	0
First/Mid- Level Officials and Managers	205	27	116	12	3	0	0	19	21	5	2	0	0
Professionals	150	29	53	6	12	1	0	21	24	2	1	1	0
Technicians	175	28	105	13	0	0	0	16	10	3	0	0	0
Sales Workers	11	2	4	0	0	0	0	1	4	0	0	0	0
Admin. Support Workers	377	73	94	29	1	0	0	98	55	25	2	0	0
Craft Workers	376	92	254	27	1	0	0	1	0	1	0	0	0
Operatives	339	124	174	34	1	0	0	4	1	1	0	0	0
Laborers and Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	16	9	3	1	0	0	0	2	0	1	0	0	0
TOTAL	1708												

**HUMAN RESOURCES SECTION
PHILADELPHIA GAS WORKS
WORKFORCE COMPOSITION
As of October 31, 2009 (Year Five)**

Job Categories	Total	Males Black	Males White	Males Hispanic	Males Asian	Males 2 or more races	Males P.I.	Females Black	Females White	Females Hispanic	Females Asian	Females 2 or more races	Females P.I.
Executive/Senior Level Officials and Managers	56	7	36	1	1	0	0	3	4	3	1	0	0
First/Mid-Level Officials and Managers	199	25	115	13	3	0	0	19	19	3	2	0	0
Professionals	162	26	58	9	16	0	0	23	26	3	1	0	0
Technicians	166	25	97	13	0	0	0	17	10	4	0	0	0
Sales Workers	11	1	4	0	0	0	0	2	4	0	0	0	0
Adm. Support Workers	379	70	92	25	2	0	0	106	58	24	2	0	0
Craft Workers	369	94	241	31	1	0	0	2	0	0	0	0	0
Operatives	374	133	200	34	1	1	0	3	1	1	0	0	0
Laborers and Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	13	8	3	0	0	0	0	1	0	1	0	0	0
TOTAL	1729												

HUMAN RESOURCES SECTION

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

RECRUITING: Instructions: Describe the company's Affirmative Action recruiting strategies. Recruiting means what those activities the company interprets as recruiting. No attempt is made to orchestrate a consistent definition of the term as there may be different understandings of what "recruiting" means. The description will define each company's understanding and interpretation of the term.

PGW RESPONSE: Recruiting

PGW has a comprehensive recruitment strategy that emphasizes diversity recruitment. There is a specific focus on high school and college relations as well as general recruiting for professionals and entry level employees. Because of PGW's aggressive recruitment stance for minorities and females, the company won the following awards for its commitment to diversity this past year: The Best Places to Work Award for African Americans and Hispanics in Technology by Black EOE Journal and Hispanic Network Magazine, and the HR/OD Department of the Year Award for our innovative programs designed to attract and retain talented and committed employees.

In addition, the Organizational Development and Human Resources Departments recently won the "Human Resources Department of the Year Award" in part sponsored by SHRM . PGW also utilizes newer technology (LinkedIn) to reach qualified professionals.

To further strengthen our recruitment streams, PGW is involved with the following organizations:

**Philadelphia Academies
Bok High School
Community College of Philadelphia**

PGW currently holds positions on numerous boards and chairs the Process Technology Board at Philadelphia Academies. We are also members of the Curriculum Development Committee and Environmental Issues Board of the Philadelphia Academies. Our participation with the Philadelphia Academies is rewarding - we have been and continue to develop strategies and tactics which confront trends of employee migration as well as an underdeveloped and unprepared talent pool within the city.

Edward W. Bok Technical High School is at the forefront of delivering a process technology curriculum. PGW has been engaged with Bok and both recognize the need for a gas processing component of the curriculum. PGW has partnered with Bok in creating a gas processing curriculum and continues to work with Bok by providing career days, internships and workshops.

Our relationship with the Community College of Philadelphia also provides value for our diversity recruiting. We are on the curriculum advisory board for their nascent process technology two year program. The graduates of this program would be suitable for front line supervisory positions within Gas Processing. As it becomes more and more difficult to recruit senior personnel for these positions, we are ensuring a sufficient and capable employee stream.

CUSTOMER SERVICE

Affiliations:

**Metropolitan Career Center
Honickman Learning Center**

PGW is a Board Member of the Metropolitan Career Center and a Learning Partner with the Honickman Learning Center. Both organizations prepare individuals to enter the workforce with customer service skills. Both utilize a 9 week training schedule that emphasizes soft skills, computer training and workforce readiness coaching. PGW has been instrumental in assisting both organizations and has been recognized by both as valuable partners.

CONSTRUCTION/HVAC

Affiliations:

**YouthBuild
Orleans Technical Institute**

We are partners with YouthBuild and Orleans Technical Institute and have provided both with curriculum and technical assistance. These organizations prepare students to productively engage in the construction/HVAC trades.

Examples of additional recruiting activities include:

Company	Item Description (Job Board, Career Fair, Favors, News Ad)	Event Date
Temple University	Senior Reception Fox School of Business	09/22/2009
Temple University	College of Engineering Fall Career Fair	10/21/2009
Drexel University	Drexel University Fall Career Fair	10/07/2009
PSI/NAACP	Professional Executive Diversity Job Fair -- Embassy Suites	10/28/2009
JobCircle.com Celebrate Diversity	Diversity Career Fair @ The Kimmel Center	11/05/2009
JobCircle.com	Wachovia Center - Jobs Gone Wild	01/28/2010
Al Dia Newspaper, Inc.	Latino Career Night	01/19/2010
Drexel Engineering Career Fair	Drexel University Engineering Spring Fair	02/16/2010
Temple Spring Career Fair	Temple Spring Career Fair	02/18/2010
RecruitMilitary	Citizens Bank Park	03/11/2010

HUMAN RESOURCES SECTION

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS [CONT.]

ADVERTISING. Instructions: Include in this section the company's efforts to utilize advertising in its Affirmative Action efforts, if any. Some companies rely solely on regular institutional advertising and are able to produce results. If this is the case, indicate so. Be sure to include all activities the company includes under the term "advertising."

PGW RESPONSE: Advertising

PGW's affirmative action advertising efforts include the use of community newspapers and local radio stations as well as regional magazines and internet sites. With respect to professional positions, PGW continues to advertise on-line and in various publications to attract a diverse workforce.

As noted above, PGW was awarded The Best Places to Work Award for African Americans and Hispanics in Technology by Black EOE Journal and Hispanic Network Magazine.

Publications Utilized for Advertisement Include

National Society of Black Engineers
Society of Hispanic Professional Engineers
Society of Hispanic Women Engineers
Diversity/Careers in Engineering and Information Technology
Northern Diversity Schools / Job Search Journal - Annual 2009-2010 and Southern
Diversity Schools / Job Search Journal
Black EOE Journal
EOE Journal
Equal Opportunity Publications

HUMAN RESOURCES SECTION

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS [CONT.]

TRAINING. Instructions: Describe all the training the company undertakes that has some impact upon its Affirmative Action results. This would include, but not be limited to, supervisory training, diversity training, sexual harassment training, educational assistance, mentoring programs, employee access to training and conflict resolution training. Again, a great deal of liberty to express positive aspects of the company's training effort is provided.

PGW RESPONSE: Training

This coming year, PGW will work on delivering Diversity training to Senior Team and Management Team members. We are in the process of reviewing content and delivery for this training. We expect this training to be completed by the end of calendar year 2010. Complimenting our in-house training, the Equal Employment Opportunity Commission (EEOC) provided in-depth harassment prevention training to all management employees this past year. All employees must participate in mandatory sexual harassment prevention training and all employees will have received discrimination prevention training by the end of PGW fiscal year 2010 (August 31). Recently, a letter from CEO and President Thomas Knudsen was mailed to every PGW employee reinforcing our commitment to a work environment which is free of any type of illegal harassment and discrimination.

In addition to a robust and well utilized tuition reimbursement program, PGW continues its partnership with the Community College of Philadelphia for the provision of on-site classes and believes these classes have a positive impact upon its Affirmative Action results. These classes are often a reintroduction to academic life for many of our employees.

PGW has 33 employees pursuing advanced degrees. Of those 33, 18 (55%) are minorities and 14 (42%) are female. PGW not only continues to encourage these employees to develop academically, but also sees them as employees who have the desire and initiative that is needed to be considered for senior positions of responsibility.

HUMAN RESOURCES SECTION

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS [CONT.]

PROMOTION. Instructions: Describe the promotion efforts that produce Affirmative Action results for the company. This information should include what the company considers a promotion. No attempt is made here to define what a particular company should consider a promotion, as this may vary from organization to organization. You may want to also include in narrative from the impact of promotions upon the results reported in Part 1 - Workforce Composition.

PGW RESPONSE: Promotion

PGW Union covered employees are promoted within a proscribed seniority based progression system and management employees are promoted by merit. Opportunities for promotion should be prevalent in the near to mid term future since PGW faces a potential exodus of 700+ long term employees in the next 2-3 years. Most of these positions are union covered, but opportunities will also be present in the management ranks.

The Leadership Development Program (LDP) is in its second year of existence. The 10 participants in this program have attended day long workshops with senior team members facilitated by Drexel University's LeBow College of Business. An ancillary benefit of this experience is the invaluable face time and networking opportunities afforded to the 10 participants. The LDP participants will also engage in Six Sigma Lean training in order to test for and receive Six Sigma Green Belt certification. PGW's efforts in providing these opportunities are an example of preparing high potential employees with the knowledge, skills and abilities needed to take the next step in their careers. As indicated in last year's Diversity Report, the LDP is composed of 10 employees - 5 who are African American and 5 who are female.

HUMAN RESOURCES SECTION

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS [CONT.]

RETENTION. Describe the company's retention efforts that produce Affirmative Action results. These may not be different from other retention efforts. Nevertheless, they should be described here. No attempt is made here to strike a definition of "retention" or suggest what is considered part of a retention program since organizations undertake efforts in response to their individual environments and internal concerns.

PGW RESPONSE: Retention

PGW has offered some long tenured employees the opportunity to remain at the company after retirement in a part time capacity in order to transfer valuable knowledge to employees identified for promotion and long term retention. As this example of commitment to training shows, PGW's training, compensation and culture make us an organization a diverse group of employees embrace.

PGW continues it engineer Technical Association, which serves as a cohort for new and seasoned engineers, some of whom are minority and/or female. Since the inception of this Association in 2007, PGW has had only one member voluntarily leave the company (absent retirements).

As indicated in its response to the Promotion section of this report, PGW also instituted the LDP. The participants of this program are receiving substantial training and skills and are viewed as potential long term employees.

PGW also has an "Ignited Towards Success" program. The participants in this program are primarily female. This group is a highly energetic affinity group that engages its members in internal/external initiatives.

PGW continues to offer a robust Tuition Reimbursement Program (TRP). Best practices state that those enrolled in a TRP usually self identify as potential leaders. PGW agrees with this assessment and views the TRP as an essential retention tool.

Historically, retention has not been a pressing issue at PGW. We see spikes in retirements at the approach of the end of any existing union contract. This is due to the uncertainty of the continuation of benefits accrued under past contracts. Voluntary resignations are, with regards to the industry perspective, rare. We have had employees from Building Services, the Call Centers and Operations make 30 year careers at PGW. The same can also be said for our executive level incumbents.

HUMAN RESOURCES SECTION

WORKFORCE/SERVICE TERRITORY COMPARISON

DESCRIPTION OF SERVICE TERRITORY. Instructions: Provide a detailed description of the geographic area in which the company operates. In most instances this will incorporate the reporting locations of employees as well as the area in which service is provided to customers' residences and businesses. To avoid possible "hair-splitting" and ease statistical analysis, no less than a whole county should be considered for statistical purposes. Include any peculiar identifying characteristics.

PGW RESPONSE: Philadelphia Gas Works' service territory is bounded by the City of Philadelphia's geographical borders.

DEFINITION OF RELEVANT LABOR FORCE. Instructions: Provide details of the labor force from which your company draws. This description would include statements that identify the geographic source of the labor force with requisite skills available to the company, whether local (county, SMSA, etc.) or national, depending on the EEO-1 category. This will establish the basis for the statistical analysis to follow.

PGW RESPONSE: The geographical source of our labor force is as follows:

Officers	USA 100%
Directors	Philadelphia, Pa- NJ PMSA 50%; Trenton NJ PMSA 50%
Administrative Managers	Philadelphia, Pa- NJ PMSA 50%; Trenton NJ PMSA 50%
Technical Managers	Philadelphia, Pa- NJ PMSA 50%; Trenton NJ PMSA 50%
IS Managers	Philadelphia, Pa- NJ PMSA 50%; Trenton NJ PMSA 50%
Administrative Supervisors	Philadelphia County, PA
Technical Supervisors	Philadelphia County, PA
Administrative Professionals	Philadelphia County, PA
Technical Professionals	Philadelphia County, PA
IS Professionals	Philadelphia County, PA
Traditional Technicians	Philadelphia County, PA
Administrative Technicians	Philadelphia County, PA
Sales	Philadelphia County, PA
Customer Contact Clerk	Philadelphia County, PA
Clerks	Philadelphia County, PA
Secretaries	Philadelphia County, PA
Skilled Clerks	Philadelphia County, PA
Field Clerks	Philadelphia County, PA
Skilled Craftsman I	Philadelphia County, PA
Skilled Craftsman II	Philadelphia County, PA
Semi-Skilled Ops I	Philadelphia County, PA
Semi-Skilled Ops II	Philadelphia County, PA
Semi-Skilled Ops III	Philadelphia County, PA
Services	Philadelphia County, PA

WORKFORCE/RELEVANT LABOR FORCE COMPARISON: Instructions: The purpose of this section is to illustrate how the company's internal workforce compares to the relevant external labor force as identified in the preceding section. The comparison should be expressed in percentage form for women and minorities. The internal workforce percentage should be calculated from the raw data shown in Part 1 above. The relevant labor percentage should be calculated from the total raw data generated by the definition of the relevant labor force from which the company draws its human resources. The two sets of figures should be illustrated as follows:

PGW RESPONSE: Based on the above definition of the relevant work force, the following comparison applies:

Job Group & Name	Total Employees	Internal Workforce %		Relevant Labor Force %	
		Minority	Female	Minority	Female
100 Officers	20	30.00	30.00	26.04	15.26
101 Directors	37	29.73	13.51	30.02	28.16
102 Adm. Managers	36	38.89	44.44	38.44	51.61
103 Technical Managers	38	26.32	13.16	21.70	6.69
104 IT Managers	8	50.00	12.50	31.52	30.49
105 Adm. Supervisors	35	51.43	54.29	38.61	53.80
106 Technical Supervisors	81	23.46	1.23	48.03	24.29
201 Administrative Professionals	47	38.30	57.45	55.36	55.13
202 Technical Professionals	74	51.35	20.27	34.36	23.31
203 IT Professionals	41	53.66	26.83	23.42	27.73
301 Traditional Technicians	105	23.81	2.86	41.84	3.31
302 Administrative Technicians	61	55.74	45.90	57.36	42.23
400 Sales	11	27.27	54.55	27.81	18.91
500 Customer Contact Clerk	151	76.16	58.94	52.83	68.20

501 Clerks	41	58.54	41.46	54.64	69.08
502 Secretaries	30	56.67	100.00	41.61	94.82
53 Field Clerks	56	32.14	0	50.49	4.97
504 Skilled Clerks	102	54.90	53.92	58.08	43.13
601 Skilled Craftsman I	190	32.63	0.53	50.06	3.33
602 Skilled Craftsman II	180	36.67	0.56	50.47	3.92
701 Semi-Skilled Operatives I	283	50.18	1.77	32.09	.094
702 Semi-Skilled Operatives II	22	45.45	0.00	42.43	7.94
703 Semi-Skilled Operatives III	71	30.99	0.00	46.12	7.83
900 Services	13	76.92	15.38	56.55	14.55
Total Employees	1733				



THOMAS T. NIESEN
Direct Dial: 717.255.7641
tniesen@thomaslonglaw.com

February 26, 2010

ORIGINAL

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P. O. Box 3265
Harrisburg, PA 17105-3265

M-00940557

In re: Equitable Gas Company, LLC - 2010 Report on Diversity

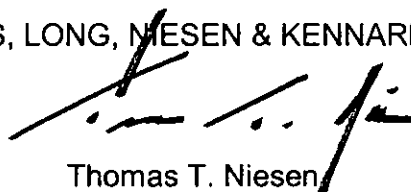
Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of Equitable Gas Company's 2010 Report on Diversity. Please contact the undersigned if you have any questions concerning the Report.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By



Thomas T. Niesen

Encl.

cc: Daniel L. Frutchey, Esq. (w/encl.)

100226 - McNulty (Report on Diversity).wpd

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BUREAU

**Report on Diversity to the
Pennsylvania Public Utility Commission**

**Equitable Gas Company
March 1, 2010**

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HUMAN RESOURCES SECTION

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

INTRODUCTION

On February 9, 2009, Equitable Resources, Inc. officially changed its name to EQT Corporation. EQT Corporation is an integrated energy company with emphasis on Appalachian area natural gas supply, transmission and distribution. EQT Corporation and its subsidiaries offer natural gas to wholesale and retail customers through three business segments: EQT Production, EQT Midstream and Equitable Gas Company, LLC ("Equitable Gas" or the "Company").

On May 22, 2008, the Pennsylvania Public Utilities Commission issued an order approving reorganization of Equitable Resources, Inc. As a result, the Equitable Gas Company Division became the Equitable Resources subsidiary, Equitable Gas Company, LLC. As noted in footnote 1, Equitable Resources, Inc. became EQT Corporation on February 9, 2009.

Equitable Gas provides natural gas distribution services to over 274,000 residential, commercial and industrial customers located mainly in the city of Pittsburgh and surrounding municipalities in southwestern Pennsylvania, plus a few municipalities in northern West Virginia and field line sales in eastern Kentucky.

RECRUITING AND SELECTION

Equitable Gas continues to make good-faith efforts to increase the number of qualified women and minorities in its workforce. As set forth below, Equitable Gas employs a number of different approaches to achieve this goal.

a. Advertising/Job Posting

Vacant positions below the director level are posted. These job postings contain the following Equal Opportunity Employer statement which supports the Company's commitment to Affirmative Action: "Where talent thrives through equality of opportunity, Minority/Female/Disabled/Veterans."

Vacant positions are posted on the Company's website, in local newspapers (depending upon the job and the work location) and at multiple career/recruiting websites which are designed to obtain a diverse candidate pool. The career/recruiting websites frequently used by Equitable Gas include, but are not limited to, the following:

AmericasJobExchange.com
iHispano.com
BlackPlanet.com
AsianAvenue.com
Military.com

Monster.com
AMightyRiver.com
MiGente.com
HireDisabilitySolutions.com

In addition to the listed career/recruiting websites, Equitable Gas also actively participates in diversity recruiting events/expos to increase awareness about the Company's current and future job openings. In 2009, the Company participated in the following diversity recruiting events:

- Diversity: Corporate Leadership and the Issues of the Region – 3/19/09
- New Choices/New Options Corporate Presentations – 4/21/09
- CW Diversity Career Fair – 4/22/09
- NAACP/Carnegie Mellon University Career Fair – 4/28/09
- Building the African American Pipeline – 4/29/09
- Western Pennsylvania Minority Supplier Expo – 5/8/09
- New Choices/New Options Corporate Presentations – 7/17/09
- National Black MBAA National Conference – 9/24-25/09
- National Women's MBAA Conference – 10/30/09
- Urban League Opportunity Fair – 11/6/09

b. Interviewing

Equitable Gas utilizes a structured interview process which includes the use of behavioral based interview questions, multiple person interview teams (which includes a representative from Human Resources) and candidate debriefs. This process provides more consistent results in the hiring process.

In 2009, EQT partnered with Development Dimensions International to provide behavioral based interview training for its hiring managers and supervisors.

c. Other Diversity Workforce/Recruiting Initiatives

In February 2007, the EQT Corporation formed a formal Diversity Council which includes both members of senior management and external minority and female representatives. The Council has three distinct goals:

- To increase the representation of minorities in the EQT Corporation's workforce;
- To increase minority and woman-owned businesses with whom EQT Corporation does business; and
- To increase contributions from the EQT Corporation's Foundation to minority and economically disadvantaged organizations.

The Council has been instrumental in continually assessing the Company's current recruiting and selection processes and developing new recruiting strategies to help sustain and grow our diverse workforce.

TRAINING

Equitable Gas encourages employees to enhance their skills through on-the-job training, training through the Company's Technical Training Center and by offering a tuition reimbursement program to support employees who desire to continue their education.

The Technical Training Center provides our field personnel with the knowledge necessary to operate safely and effectively in the natural gas industry as well as an opportunity to gain skills and proficiency in more technical natural gas tasks. These training programs provide employees with the opportunity to become qualified for higher level positions within the Company.

Finally, Equitable Gas encourages employees to continue their education by offering a comprehensive tuition reimbursement program. Employees may use this program to complete undergraduate and graduate course work. Employees who utilize this program enhance their opportunities for career advancement.

2009 HIRES AND PROMOTIONS

In 2009, 20% of the Company's hires were minority males and 15% were white females. During the 2009 recruitment and selection process, the Company continued to make every good-faith effort to increase the number of qualified women and minorities in its workforce.

In addition, during the 2009 calendar year, 10% of the employees promoted by the Company were white females and 10% were minority females.

RETENTION

Equitable Gas has a comprehensive performance evaluation program which is used to manage employee performance and identify high performing employees who may be good candidates for promotions. The performance evaluation process encourages dialogue between the employee and his/her supervisor to ensure professional success.

New hires are required to complete a comprehensive orientation program which provides insight into the Company's operation and highlights the benefits of working for Equitable Gas.

The Company also conducts exit interviews of employees voluntarily leaving the organization. Equitable Gas uses the information obtained during these interviews to address any issues that may cause employees to seek employment elsewhere.

In addition to all of the above, Equitable Gas offers flex-time and part-time work schedules as well as telecommuting work arrangements.

PROCUREMENT SECTION

OVERVIEW

EQT Corporation places tremendous value on cultural diversity and considers it a core component in all aspects of our business. We are committed to providing qualified potential suppliers an equal opportunity to supply us with goods and services that meet our business needs. Our Supplier Diversity program seeks to build relationships with diverse businesses that create efficiencies in our supply chain that result in mutually beneficial cost savings to both our organization and our customers. We recognize the benefits of working with diverse businesses and the impact we can have on the communities we serve by fostering relationships with these businesses. It is our policy to engage diverse owned businesses and provide them access to our procurement processes.

In 2009, EQT Corporation and Equitable Gas continued the pursuit of diverse business utilization through the expansion of the supplier diversity program. In years previous, much of the foundation of the program was set through the completion of exploratory tasks, establishment and reaffirmation of relationships with diversity resource organizations, and

procurement staff augmentation. The completion of these foundational tasks has allowed EQT to look at supplier diversity more granularly and take the next steps in cultivating a business environment that fosters diverse business utilization. Some of those steps are outlined below.

SUPPLIER DIVERSITY PROGRAM ENHANCEMENTS

Vertical Attainment Plan – Prior to 2009, supplier diversity goals were set for the procurement staff by the Director of Procurement and Administrative Services based on EQT's total discretionary corporate spending. This percentage would be the singular supplier diversity goal for all procurement professionals regardless of their area of focus. Beginning in 2009, EQT developed Vertical Attainment Plans ("VAPs") to better align the supplier diversity tasks and goals with the procurement staff's individual areas of focus. The VAPs have helped EQT to:

- Forecast diversity spend with existing suppliers.
- Focus diversity efforts on the most diversity rich opportunities.
- Engage each procurement vertical in the diversity planning process.
- Create roadmaps to overcome diversity spending challenges faced by the procurement verticals.
- Establish diversity utilization goals for each vertical based on both historical data and upcoming opportunities.

The sum of the individual Vertical Attainment Plans is used to create the diversity strategic plan and corporate diversity utilization targets.

Monthly Sourcing Manager Meetings – In addition to weekly meetings held with procurement management, monthly meetings are held with the procurement vertical managers to discuss current utilization numbers, upcoming diverse business opportunities, and diverse supplier performance. These meetings have helped to create additional accountability throughout the procurement organization while shaping the supplier diversity effort.

Enhanced Visibility- Information about supplier diversity is now reported to the EQT business unit presidents as part of their procurement strategy update. Strategies to increase diverse supplier participation and necessary resources are discussed during these meetings. This, in addition to adding diversity as a talking point with project managers, has increased supplier diversity awareness and accountability throughout EQT.

EQT Plaza - EQT Corporation completed the construction of its new corporate headquarters in June 2009. One of the many highlights of this project was the successful implementation of a second tier supplier diversity program. Through this program, EQT's general contractor was able to exceed the minimum diversity participation goals and achieve 21% diversity business participation on the project.

EXTERNAL OUTREACH

To enhance the value that EQT Corporation derives from its supplier diversity program, the procurement department is active in a number of diversity organizations. EQT participates on their volunteer boards and committees as a way to stay involved with its diversity supply base. Below is a partial list of EQT's 2009 external outreach activities:

- EQT, in conjunction with the African American Chamber of Commerce of Western Pennsylvania, the Western Pennsylvania Minority Supplier Development Council, and the Women's Business Development Center of Pennsylvania, hosted a networking reception at EQT's new corporate headquarters for diverse companies and EQT procurement professionals. The reception allowed diverse suppliers to meet EQT decision makers including the Director of Procurement and Administrative services and EQT's President and Chief Operational Officer.
- In 2009, EQT Corporation renewed its membership with the Western Pennsylvania Minority Supplier Development Council through its National membership with the National Minority Supplier Diversity Council. This membership supports our efforts in western Pennsylvania relative to diversity supplier identification.
- EQT Corporation renewed its relationship with African American Chamber of Commerce of Western Pennsylvania. Among other benefits, this affiliation is helping us identify qualified African American-owned suppliers to include as bidders in its competitive solicitations.
- In 2009, EQT Corporation renewed its membership with the Women's Business Development Center to identify women owned businesses throughout our operational territory.
- EQT Corporation expanded its outreach effort to help identify suppliers throughout its operation footprint. Both the location of the outreach event and the prevalence of industry relevant diversity suppliers in the event location were considered as the EQT outreach plan was modified. Below are some of the results:
 - EQT participated in outreach events in six different states.
 - 43 new diverse suppliers presented their capabilities to EQT procurement professionals.
 - 16 different EQT Procurement staff participated in at least one outreach event in 2009.

REPORTING

Monthly Reporting – Each month EQT reviews year to date diversity utilization reports to monitor the corporation's progress towards attaining its supplier diversity goals. The reports allow EQT to review its utilization progress by EQT business unit, supplier category, second tier spend, and procurement vertical. The data from these reports is shared with EQT executives throughout the year.

Second Tier reporting – EQT formalized the structure for its First Tier Suppliers' reporting on diverse business utilization on EQT projects. These reports are collected from EQT's first tier suppliers by project and on a regular interval as appropriate. In addition, suppliers responding to EQT solicitations that include diverse suppliers as subcontractor are given extra consideration.

POLICY

As outlined in Corporate Policy 7.1, "EQT Corporation promotes the purchase of goods and services from qualified diversity businesses including MBE and WBE".

2009 - 2010 YEAR TO DATE EXPENDITURE DATA

		2009 Spend (\$000)	2009 % Spend
	Total EQT	1,214,071	100.0%
	Total Equitable Gas	\$219,690	18.1%
Minority-Owned	Equitable Gas	7,359	3.4%
Woman-Owned	Equitable Gas	4,693	2.1%
Total Diversity	Equitable Gas	12,052	5.5%



PEOPLES NATURAL GAS

ORIGINAL

RECEIVED

March 1, 2010

MAR 1 2010

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Filing Room (2nd Floor)
P.O. Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

M-00940557

Re: Report on Diversity

Dear Mr. McNulty,

Enclosed are three copies and the original of Peoples Natural Gas Company LLC's Report on Diversity to the Pennsylvania Public Utility Commission. This report contains the Diversity Procurement data for the year ended 2009. The report also contains revised Diversity Procurement Data for 2008.

The Workforce Composition data for 2009 is in the process of being compiled and will be submitted by April 15, 2010.

If you have any questions or comments concerning this report please feel free to contact me.

Sincerely,

Joseph A. Gregorini
Manager, Pricing and Regulatory Affairs
Peoples Natural Gas Company LLC

cc: Joyce Dailey
Laura Kottkamp
Ronnelle Anderson
Michelle Hall

**REPORT ON DIVERSITY
TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PROCUREMENT SECTION

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MAR 1 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PEOPLES NATURAL GAS COMPANY LLC

March 01, 2010

Pennsylvania Public Utility Commission Annual Diversity Filing 2009

Narrative on M/W/DBE Efforts - Internal Efforts

Management of the supplier diversity function at Peoples Natural Gas Company LLC (Peoples) is currently performed by Dominion Resources Services, Inc. (Dominion) under the terms of the Transition Services agreement between SteelRiver, Inc, and Dominion. Dominion will continue to provide these services on a temporary basis during the transition service period which began on February 2, 2010 and continues for a period of up to 18 months thereafter. During the course of the Transition Service period, the Company will assume responsibility for the management of the supplier diversity function.

The Company has a commitment to make every effort to procure goods and services from minority, women-owned, disabled and other diverse businesses, such as HUBZone and disabled service-veterans. We recognize that the health of our company and our society depends greatly on enabling all people to share in economic opportunities. The Company takes pride in facilitating relationships and expanding opportunities within our diverse supplier base.

Dominion has established a Supplier Diversity Program Department that is responsible for developing, implementing, and managing company-wide programs to enhance the Company's involvement in the development of diverse businesses. The Supplier Diversity Program Department serves as the company's liaison with governmental and community agencies, councils and other organizations for supplier diversity issues, and provides support to company business areas.

The Supplier Diversity Program Department:

- Develops and maintains company policy, procedures and tools which ensure diverse businesses are afforded maximum practicable opportunities to participate in company procurement activities
- Serves as the primary company contact/representative for all supplier diversity issues relating to diverse businesses, governmental and community agencies, councils and other organizations at the local, state and national levels
- Coordinates the development of annual business area and corporate goals for expenditures with diverse businesses
- Provides training for company personnel relating to supplier diversity programs and initiatives, policies and procedures

- Provide sourcing assistance to Company procurement personnel to identify potential diverse bidders
- Provides training for prime contractors in developing effective internal supplier diversity programs to promote compliance with Dominion's second tier subcontracting requirements.

Narrative on M/W/DBE Efforts - External Efforts

The Company's commitment to make every effort to procure goods and services from diverse businesses is complemented by our recognition that the growth and development of diverse businesses requires the support of organizations that serve as advocates for diverse business development. Organizations that serve as advocates for diverse businesses provide educational opportunities, networking opportunities, and a forum to address issues specific to diverse businesses. Dominion is very active with organizations that serve as advocates for diverse business development. Dominion serves in leadership positions with many of these organizations and participates in their events, conferences, and networking opportunities as a means of identifying diverse businesses for business relationships as well as provide support through these organizations to promote their development.

Dominion is active with the following organizations:

- The National Minority Supplier Development Council
- The Virginia Minority Supplier Development Council
- The Northern Ohio Minority Supplier Development Council
- The Women President's Educational Organization-an affiliate of WBENC
- The Ohio Gate Utility Group
- The Ohio Statewide MBE DBE Taskforce
- The Veterans Business Council of Northern Ohio
- The Greater New England Supplier Development Council
- The Edison Electric Institute's Supplier Diversity Committee
- The Richmond Metropolitan Business League

In addition to the organizations listed above, Dominion utilizes the following sources to identify qualified diverse suppliers and contractors:

- Files maintained by Dominion collected at trade shows and networking events
- The U.S. General Services Administration/U.S. Small Business Administration (SBA) and regional offices
- Internet supplier diversity data bases and directories
- National, state and local directories and publications
- The State Departments of Minority Business Enterprise

- ❑ Business associations such as Chamber(s) of Commerce (National Hispanic Chamber, Black Chamber, etc.)

Dominion sponsors scholarships each year for chief executive officers of certified minority business owners to attend the University of Richmond's Robins School of Business Leadership Development Program.

Narrative on M/W/DBE Efforts - Subcontracting Efforts

Dominion's commitment to make every effort to procure goods and services from diverse businesses requires the support and participation from our prime contractors. Dominion's prime contractors are an integral part of our overall effort to provide maximum opportunities for diverse businesses to participate in our procurement requirements.

Dominion has developed a Second-tier Subcontracting Program that has been used as a model for by other companies and State and local public projects.

Following is a summary of Dominion's Second-tier Subcontracting Program requirements:

- ❑ All procurements of \$550,000 or more shall contain language requiring the supplier to report actual diverse business subcontract results on a quarterly basis
- ❑ All solicitations for goods and services of \$550,000 or more shall include a requirement that bidders include, as a part of their bid proposal, their subcontract plans for diverse businesses
- ❑ Subcontract plan proposals shall include:
 - A listing of diverse business subcontractors
 - The dollar value of each subcontract
 - A description of the type of work to be performed under each subcontract
 - A telephone number and contact name for each subcontractor
- ❑ The use of a weighted factor for diverse businesses participation in bidders' subcontracting plans may be used as a part of the overall evaluation to determine the successful bidder, when such actions are judged to foster the growth and development of these businesses, and cost is not adversely affected
- ❑ Dominion collects the Subcontracting Utilization Reports and reports the results quarterly within the Company.

- The Supplier Diversity Program Department is available to assist large prime contractors in developing internal supplier diversity programs and compliance with Dominion's second-tier subcontracting requirements

Utility Procurement Diversity Report Procurements from Diverse Suppliers

Procurements from Diverse Suppliers for use in PA Operations

January 1, 2009-December 31, 2009/1

Minority	\$	137	
Women	\$	5,215,507	
Disabled	\$	-	
Service Disabled	\$	59,950	
HUB Zone	\$	179	
Total Diverse Spend	\$	5,275,773	6.4%
Total Spend All suppliers	\$	82,682,005	

Procurements from Diverse Suppliers located in Pennsylvania

January 1, 2009-December 31, 2009/1

Minority	\$	137	
Women	\$	3,461,502	
Disabled	\$	-	
Service Disabled	\$	250	
HUB Zone	\$	-	
Total Diverse Spend	\$	3,461,889	9.5%
Total Spend All Suppliers	\$	36,260,649	

1/ Procurement data for 2009 reflects combined information for Dominion Peoples and Dominion Hope (West Virginia).

Utility Procurement Diversity Report Procurements from Diverse Suppliers

Procurements from Diverse Suppliers for use in PA Operations

January 1, 2008-December 31, 2008 - Corrected

Minority	\$	42,623	
Women	\$	2,146,273	
Disabled			
Service Disabled	\$	32,825	
HUB Zone			
Total Diverse Spend	\$	2,221,721	4.2%
Total Spend All suppliers	\$	52,561,155	

Procurements from Diverse Suppliers located in Pennsylvania

January 1, 2008-December 31, 2008 - Corrected

Minority	\$	344	
Women	\$	1,831,990	
Disabled			
Service Disabled			
HUB Zone			
Total Diverse Spend	\$	1,832,334	5.3%
Total Spend All Suppliers	\$	34,435,339	



**PENNSYLVANIA
AMERICAN WATER**

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March 4, 2010

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MAR 4 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VIA OVERNIGHT MAIL

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

17-00940557
1121476

Re: Annual Diversity Program Report

Dear Secretary McNulty:

Pursuant to 52 Pa. Code § 69.809, Pennsylvania-American Water Company is in the process of preparing its Annual Diversity Program Report. However, we, the Company, will not meet the March 1, 2010 timeframe. Accordingly, the Company requests a ten (10) day extension of time.

Respectfully submitted,

Susan Simms Marsh
Susan Simms Marsh

cc: Dawn Roberts

ORIGINAL

47045



PENNSYLVANIA
AMERICAN WATER

M-00940557

March 8, 2010

Commonwealth of Pennsylvania
Public Utility Commission
400 North Street
PO Box 3265
Harrisburg, Pa 17105

Attn: Secretary James McNulty

Dear Mr. McNulty:

Enclosed is our report on diversity efforts at Pennsylvania-American Water Company in accordance with 69.801 – 69.809 of the Pennsylvania Code.

Our report is broken into two sections. Section 1 covers the activities specifically related to our minority/women/persons with disabilities owned business program. Section 2 demonstrates our commitment to diversity and includes our Human Resources policies and practices that support our efforts.

Pennsylvania American Water Company is committed to providing employment, training, compensation, promotion, and other personnel practices without regard to race, color, religion, national origin, sex, age, disability, marital status, or status as a Vietnam-era, special disabled, or other covered veterans or other protected status. We are also dedicated to providing equal opportunity to all potential business partners through our supplier diversity policy.

Sincerely,

Dawn L. Roberts, SPHR
Human Resources Generalist
Pennsylvania American Water

ORIGINAL

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**2009 REPORT ON DIVERSITY TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PROCUREMENT SECTION

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PENNSYLVANIA AMERICAN WATER COMPANY

March 1, 2010

NARRATIVE ON M/W/DBE EFFORTS

THE PROGRAM

PAWC is dedicated to providing equal opportunity to all potential business partners. It is the policy of PAWC to encourage and afford opportunities to diverse suppliers (including but not limited to Women Business Enterprises (WBE's), Minority Business Enterprises (MBE's), and Disabled Veteran Business Enterprises (DVBE's), while at the same time ensuring that the best combination of quality, service and price is provided in accordance with the highest ethical and professional standards.

PAWC recognizes the value of Supplier Diversity as a strategic business decision, and is committed to seek and identify diverse suppliers and offer them an equal opportunity to compete for contracts to supply materials and services with all other suppliers and contractors in the competitive marketplace. PAWC recognizes that an effective Supplier Diversity Policy broadens the supplier base, increases competition, and ensures that American Water receives the finest materials and services at the best available cost. During 2008, PAWC has made efforts to increase our number of diverse suppliers by both internal and external efforts.

INTERNAL EFFORTS

American Water has developed a Supplier Diversity policy. This policy has been posted on American Water's Intranet, allowing all employees access to this important information.

The Supply Chain Department holds quarterly meetings to review current MWDVBE efforts in Pennsylvania and across the country, chaired by Supply Chain's Contract Administrator. These meetings serve as a great vehicle for best practice sharing and benchmarking, as the meeting is attended by Supply Chain Managers from each of American Water's service regions, as well as a representative of the Military Services Group, the Supply Chain Operations Manager, Supply Chain Analysts, and a Supply Chain Strategic Sourcing Senior Buyer. Guest speakers also discuss the importance of diversity in Supply Chain and suggest innovative ways to increase MWDVBE exposure. Furthermore, these meetings assign internal action to improve target MWDVBE areas.

The Supply Chain Team working in Pennsylvania makes routine use of the Pennsylvania Department of General Services website to locate Minority and Women Owned Businesses for inclusion in sourcing efforts. Sourcing efforts also make use of the Minority Supplier Diversity Council (MSDC) of Pennsylvania, New Jersey and Delaware resources to locate diverse suppliers for Pennsylvania. Contact with MSDC by telephone will provide information on diverse suppliers in Pennsylvania who are members of the Council. New this year is the CVM Solutions' Diverse Supplier Locator and Registration Portal which will replace the MSDC (which was utilized in 2009) as an additional diverse supplier resource to be used in addition to the State's General Services' database

EXTERNAL EFFORTS

Specifically from a procurement perspective, American Water's Supply Chain Department continuously aims to increase the level of diversity participation. As part of American Water's Supplier Diversity Program, it has been established that at least one MWDVBE supplier should be included in every strategic sourcing process administered by the Supply Chain Department.

Pennsylvania American Water Company made the following efforts beyond those listed above:

1. Supply Chain Strategic Buyer, Brian Gray, attended the NAPM-CP, Inc conference held in Harrisburg in Jan 2010 and met with both DBE's and MBE's.

SUBCONTRACTING EFFORTS

Every Request for Proposal (RFP) distributed by American Water's Supply Chain Department asks potential suppliers to identify if they maintain a formal diversity program and their ability to report on second-tier MWDVBE spending. Unfortunately, many suppliers are unable to report on second-tier MWDVBE spending. Supply Chain to date has been successful only in capturing minimal, insignificant second tier spend from suppliers of goods. Efforts continue to correct this.

UTILITY PROCUREMENT DIVERSITY REPORT

As of December 31, 2009

	Total Company Procurement	Minority \$ (MBE)	% of Total	Women \$ (WBE)	% of Total	Disabled \$ (DBE)	% of Total	Total \$ (M/W/DBE)	% of Total
Direct		\$2,385	0.00%	\$11,309,033	5.17%	\$0	0.000%	\$11,713,575	5.17%
Total	\$218,535,937								

WBE Spend includes both Third Party and Self-Certified classifications.

No Spend Breakdown is available for Goods vs. Services.

**REPORT ON DIVERSITY TO THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

HUMAN RESOURCES SECTION

**PENNSYLVANIA-AMERICAN WATER COMPANY
2010**

**PENNSYLVANIA AMERICAN WATER
WORKFORCE COMPOSITION
2009**

MALES

FEMALES

Job Categories	MALES						FEMALES				
	Total	White	Black	Hispanic	Asian/PI	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Executive	4	1	0	0	0	0	2	1	0	0	0
First and Midlevel Mgrs	185	155	3	2	0	0	24	1	0	0	0
Professionals	61	40	2	0	0	0	17	1	0	1	0
Technicians	16	12	2	0	0	0	2	0	0	0	0
Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Office & Clerical	79	6	1	1	0	0	64	7	0	0	0
Craft Workers	329	292	10	3	0	0	23	0	1	0	0
Operatives	434	365	16	7	0	0	43	2	1	0	0
Laborers	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	1108	871	34	13	0	0	175	12	2	1	0

**PENNSYLVANIA AMERICAN WATER
WORKFORCE COMPOSITION
2008**

MALES

FEMALES

Job Categories	MALES						FEMALES				
	Total	White	Black	Hispanic	Asian/PI	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Mgrs	174	149	3	2	0	0	20	0	0	0	0
Professionals	44	27	1	0	0	0	14	1	0	1	0
Technicians	14	10	2	0	0	0	2	0	0	0	0
Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Office & Clerical	47	4	0	0	0	0	40	3	0	0	0
Craft Workers	313	277	10	3	0	0	22	0	1	0	0
Operatives	429	359	17	7	0	0	43	2	1	0	0
Laborers	2	2	0	0	0	0	0	0	0	0	0
Service Workers	0										
Total Workforce	1023	828	33	12	0	0	141	6	2	1	0

**PENNSYLVANIA AMERICAN WATER
WORKFORCE COMPOSITION
2007**

MALES

FEMALES

Job Categories	MALES						FEMALES				
	Total	White	Black	Hispanic	Asian/PI	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Mgrs	170	147	4	2	0	0	17	0	0	0	0
Professionals	42	26	1	0	0	0	14	1	0	0	0
Technicians	2	0	0	0	0	0	2	0	0	0	0
Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Office & Clerical	44	6	0	0	0	0	36	2	0	0	0
Craft Workers	296	257	10	3	0	0	25	0	1	0	0
Operatives	427	356	17	7	0	0	44	2	1	0	0
Laborers	1	1	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	982	793	32	12	0	0	138	5	2	0	0

**PENNSYLVANIA AMERICAN WATER
WORKFORCE COMPOSITION
2006**

MALES

FEMALES

Job Categories	MALES						FEMALES				
	Total	White	Black	Hispanic	Asian/PI	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Mgrs	203	161	5	0	0	0	33	4	0	0	0
Professionals	49	26	1	0	0	0	20	2	0	0	0
Technicians	51	24	1	0	0	0	22	4	0	0	0
Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Office & Clerical	41	5	0	0	0	0	34	2	0	0	0
Craft Workers	259	219	7	4	0	0	28	0	1	0	0
Operatives	346	290	15	3	0	0	34	3	1	0	0
Laborers	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	949	725	29	7	0	0	171	15	2	0	0

**PENNSYLVANIA AMERICAN WATER
WORKFORCE COMPOSITION
2005**

MALES

FEMALES

Job Categories	MALES						FEMALES				
	Total	White	Black	Hispanic	Asian/PI	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Mgrs	260	206	8	0	0	0	37	9	0	0	0
Professionals	43	19	1	0	0	0	23	0	0	0	0
Technicians	67	14	2	0	0	0	49	2	0	0	0
Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Office & Clerical	45	3	1	0	0	0	38	3	0	0	0
Craft Workers	259	220	12	2	0	0	22	1	2	0	0
Operatives	328	265	9	2	1	0	49	1	1	0	0
Laborers	9	9	0	0	0	0	0	0	0	0	0
Service Workers	2	2	0	0	0	0	0	0	0	0	0
Total Workforce	1013	738	33	4	1	0	218	16	3	0	0

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS
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Recruiting

It is the policy of Pennsylvania American Water to undertake equal opportunity and affirmative action in compliance with all federal, state, and local requirements to recruit a diversified pool of applicants and to ensure that our employment practices are, in fact, nondiscriminatory.

Equal Employment Opportunity (EEO) is not a guarantee of employment. Under EEO law, only job-related factors can be used to determine if an individual is qualified for a particular job (see Appendix A for the Equal Employment Opportunity Policy).

Pennsylvania American Water values and promotes diversity in its workforce and aims to reflect the local communities it serves through the people it employs, wherever possible (see Appendix A for Staffing Policy).

Pennsylvania American Water makes a concerted effort to recruit females, minorities, veterans and disabled persons. To accomplish this, we notify minority and women's organizations, advertise and/or post positions as appropriate. We also gain the assistance of our current work force by encouraging employee referrals. Current employees can receive up to \$2,500 for referring qualified, successful candidates (see Appendix A for the Employee Referral Policy).

When the need arises to obtain talent outside of the local area, Pennsylvania American Water will provide relocation assistance. The level of assistance is determined by the salary grade of the position (see Appendix A for the Relocation Policy).

Recruiters attend seminars and conferences to maintain their knowledge and gather new ideas. In 2009, some of the seminars attend by our recruiters were: "HR Roundtable", "Diversity – Engaging Executive Leadership", Diversity and Customer Service.

Four of the eight recruiters in Pennsylvania have obtained Senior Professional in Human Resources (SPHR) credentials from the Human Resources Certification Institute and one obtained the Professional in Human Resources (PHR). This certification establishes a level of proficiency in field of Human Resources. To obtain certification, each individual had to pass a four hour exam covering a variety of Human Resource subjects including recruiting. Each individual is required to re-certify every three years as proof of maintaining knowledge in Human Resources.

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS
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Advertising

In 2009, Pennsylvania American Water used the follow sources to obtain candidates.

- AHEDD
- Association of Puertorriquenos En Marcha
- CareerBuilder *Nellie
- Chester County Intermediate Unit
- Community Action Program Employment Training
- Company web site
- Crispus Attucks Center
- Educational Opportunity Centers of Penna
- Employee Referrals
- EOTC (organization for individuals with disabilities)-Nellie
- Governor's Veteran's Outreach
- Harrisburg Young Professionals
- Hot Jobs*
- Keystone Job Corp
- Lackawanna Human Development Agency
- League of Women Voters
- NAACP
- National Society for Black Engineers
- Native American Media
- Office of Vocational Rehabilitation
- PA Career Link
- Private Industry Council
- Scranton Business & Professional Women's Group
- Urban League of Pittsburgh
- Urban League of Broom County
- United Rehabilitation Services
- Western PA Diversity Initiative

* HotJobs has thousands of diversity partners. When a position is posted, candidates looking at a Diversity Partner's web site for a position are directed to the Hot Job site. A complete list of the Diversity Partners can be found on Hot Jobs (see Appendix B for a sample outreach letter and job posting).

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

Training

All new employees receive our Respect booklet and training on respect in the workplace, including a 40 minute video. Respect training covers harassment of all types including hostile work environment and sexual harassment (see Appendix A for Harassment Free Workplace Policy).

The Human Resources Department is responsible for investigating and resolving employee complaints. In cases where it is determined that discrimination has occurred, prompt action is taken by management to remedy the situation. Pennsylvania American Water has a strict No Retaliation Policy (see Appendix A) protecting employees who report alleged wrongful conduct.

Pennsylvania American Water provides all employees with the opportunity for on the job training, to attend seminars, and university classes to increase their skills. Employees are encouraged to use the Educational Assistance Policy. Pennsylvania American Water provides up to \$5,250 worth of tuition assistance for each employee per year. In 2009, Pennsylvania American Water paid approximately \$125,000 of tuition assistance for our employees (see Appendix A for Tuition Assistance Policy).

In addition to the above opportunities, we made a major change to our performance appraisal process this year. The new Performance Management design places a greater focus on results and personal development.

In 2009, the Human Resources Department conducted a supervisor training program called First Line of Defense. This one day session covered topics that directly relate to diversity.

As you can see, Pennsylvania American Water has in place, and has communicated to all employees, a strict policy forbidding harassment of any applicant or employee on the basis of race, color, religion, sex, national origin, age, disability, marital status, or status as a covered veteran and has provided a complaint procedure to report alleged harassment.

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS
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Promotion

Pennsylvania American Water strives to promote from within whenever possible. A change in position is considered a promotion if the individual moves to a higher salary grade level (see Appendix A for internal Job Posting Policy).

In 2009, Pennsylvania American Water promoted 34 employees.

- Western Pa – 19 promotions, 0 minorities, 3 females
- Central Pa - 4 promotions, 1 female
- Northeast Pa - 11 promotions, 2 minorities, 4 females

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

Retention

Pennsylvania American Water believes that employee retention is extremely important. To assist in keeping our knowledgeable employees, we have instituted an Alternative Work Schedule Policy (see Appendix A). Our Workplace Conduct and Behavior Policy (see Appendix A) outlines our discipline process and demonstrates our commitment to a harassment free work environment. This is further established by our Violence Free Workplace Policy (see Appendix A).

Employees serving our country in the military have additional leave time granted to them (see Appendix A for Uniformed Service Leave Policy). Active service members servicing in Iraq or Afghanistan receive their regular base pay minus any pay received from the military for one year (see Appendix B Memo 4-17-2003).

Pennsylvania American Water strives to provide a fair and competitive compensation package to our employees. The Corporate Human Resource staff administers the salary program including, job analysis, job evaluation, salary comparison, etc. (see Appendix A for the Compensation and Salary Administration Policy).

In 2009, we had 32 employees leave the organization, 13 retirements, 1 due to medical reasons, 2 deaths, 12 voluntary resignations, and 4 terminations. Out of the 12 voluntary resignations, 0 minorities and 1 women resigned. Pennsylvania American Water's turnover rate for 2009 is 2.8%.

WORKFORCE/SERVICE TERRITORY COMPARISON

Service Territory

Pennsylvania American Water, a subsidiary of American Water, is the largest regulated water utility in the state providing quality water and/or wastewater services to over 2 million people across the state. Our service territory includes the counties listed below. A county's inclusion in the list indicates that a portion of the county is served not necessarily the entire county.

Adams	Cumberland	Montgomery
Allegheny	Dauphin	Northampton
Armstrong	Fayette	Northumberland
Beaver	Indiana	Pike
Berks	Jefferson	Schuylkill
Bucks	Lackawanna	Susquehanna
Butler	Lancaster	Union
Centre	Lawrence	Warren
Chester	Lebanon	Washington
Clarion	Luzerne	Wayne
Clearfield	McKean	York
Columbia	Monroe	

Rate Zone	Location
1	Pittsburgh, McMurray, Mon Valley, Connellsville, Uniontown, Brownsville, California, Ellwood, New Castle, Butler, Indiana, Punxsutawney, Clarion, Kittanning, Warren, Kane, Norristown, Yardley, Abington, Susquehanna, Bangor, Hickory, Silver, Fairview, Tobyhanna, PAP, PFE, Summit Point, Pine Hill, Mechanicsburg, Hershey, Palmyra, Skyline, Milton, Philipsburg, Berwick, Frackville, Lemont, Scranton, Nesbitt, Hillside, Crystal Lake, Ceasetown, Watres, Back Mountain, Kopple, Independence, Cedar Grove, Strattanville, Center, Butler Twp, Fox Knoll, Lake Heritage, Connoquenessing, Glen Alsace, Jackson Wald, Amity, Penn, Home, Blue Mountain, Mid Monroe, Coatesville, Blue Mountain Lake, Redstone, Mountain Top
30	Rustic Acres, Palmer, Lehman Pike, Winona Lakes, Pine Ridge
36	Pocono Farms Assoc
39	Boggs, Wallaceton, Amwell, Saxonburg

WORKFORCE/SERVICE TERRITORY COMPARISON

Relevant Labor Force

Northeast, Central and Western Pennsylvania recruiters use a national recruitment territory for the EEO categories of Officials and Managers and Professionals. All other EEO categories draw from local territory.

On the next few pages contain a summary of our Labor Force. In addition, we have included a statistical analysis of our internal and external availability.

The purpose of this analysis is to estimate the percentages of minorities and females available for employment in each job group. The OFCCP has established two factors to be used by all companies when determining the availability (both internally and externally) of minorities and females. The first factor is data gathered from the U.S. Bureau of Census to determine availability based on Pennsylvania American Water's local and national recruiting patterns. The second factor required is the availability of minorities and women based on those employees promotable, transferable and trainable within Pennsylvania American Water. Pennsylvania American Water must then decide how important that factor is and assign a value weight to it. We have chosen to use the prior years recruiting experience to determine the weighting.

Included in these reports is the utilization analysis which compares the actual percentage of minorities and females in each job group with the calculated percentage availability of minorities and females to determine if minorities and females are "underutilized" in any job group. "Underutilization" is defined as "having fewer minorities or women in a particular group than would reasonably be expected by their availability." Based on this information we determine our goals for the next year. Since our AAPs have not yet been completed for 2009, we are submitting last year's data below.

In 2008, our goal was to decrease the number of EEO categories Pennsylvania American Water was underutilized in by 10%.

The result was we exceed this goal by decreasing the number of categories we are underutilized in by 40%. Our most significant gains came in the Operative EEO category. In 2007 minorities were underutilized in all three sections of the state. The Incumbency vs. Availability reports show we are no longer underutilized in any of the three areas.

Progress was made in all other EEO categories as well.

Labor Force Comparison

Northeast

Officials and Managers – Total # of Employees – 48		
Workforce	Women	Minorities
Internal Workforce	3.92%	1.32%
Relevant Labor Force	47.83%	11.08%

Professionals – Total # of Employees – 8		
Workforce	Women	Minorities
Internal Workforce	47.92%	0%
Relevant Labor Force	28.93%	13.11%

Technicians – Total # of Employees - 1		
Workforce	Women	Minorities
Internal Workforce	0%	0%
Relevant Labor Force	53.57%	0%

Office and Clerical – Total # of Employees - 15		
Workforce	Women	Minorities
Internal Workforce	57.78%	4.44%
Relevant Labor Force	91.66%	2.31%

Craft Workers – Total # of Employees – 117		
Workforce	Women	Minorities
Internal Workforce	5.41%	4.38%
Relevant Labor Force	10.13%	1.5%

Operatives – Total # of Employees 133		
Workforce	Women	Minorities
Internal Workforce	34.82%	3.69%
Relevant Labor Force	16.74%	3.91%

Central

Officials and Managers – Total # of Employees - 47		
Workforce	Women	Minorities
Internal Workforce	14.87%	2.19%
Relevant Labor Force	40.54%	12.83%

Professionals – Total # of Employees – 22		
Workforce	Women	Minorities
Internal Workforce	25.12%	11.64%
Relevant Labor Force	17.86%	13.64%

Technicians – Total # of Employees - 7		
Workforce	Women	Minorities
Internal Workforce	14.29%	14.29%
Relevant Labor Force	40.69%	10.71%

Office and Clerical – Total # of Employees - 17		
Workforce	Women	Minorities
Internal Workforce	95.92%	11.88%
Relevant Labor Force	89.74%	8.97%

Craft Workers – Total # of Employees - 76		
Workforce	Women	Minorities
Internal Workforce	11.79%%	5.50%
Relevant Labor Force	19.13%	12.70%

Operatives – Total # of Employees - 61		
Workforce	Women	Minorities
Internal Workforce	13.81%	4.96%
Relevant Labor Force	27.10%	14.89%

Western

Officials and Managers – Total # of Employees – 79		
Workforce	Women	Minorities
Internal Workforce	13.71%	5.28%
Relevant Labor Force	50.75%	15.91%

Professionals – Total # of Employees - 14		
Workforce	Women	Minorities
Internal Workforce	22.91%	4.2%
Relevant Labor Force	31.08%	17.63%

Technicians – Total # of Employees - 6		
Workforce	Women	Minorities
Internal Workforce	16.67%	16.67%
Relevant Labor Force	34.91%	8.39%

Office and Clerical – Total # of Employees - 15		
Workforce	Women	Minorities
Internal Workforce	68.68%	2.99%
Relevant Labor Force	57.30%	8.55%

Craft Workers – Total # of Employees - 120		
Workforce	Women	Minorities
Internal Workforce	9.99%	7.42%
Relevant Labor Force	8.22%	10.68%

Operatives – Total # of Employees – 235		
Workforce	Women	Minorities
Internal Workforce	12.53%	7.25%
Relevant Labor Force	17.82%	10.34%

Laborers – Total # of Employees - 2		
Workforce	Women	Minorities
Internal Workforce	0%	0%
Relevant Labor Force	16.22%	7.60%

AMERICAN WATER COMPANY - PA DIVERSITY

**Incumbency vs. Availability
Analysis Data as of 01/01/2009**

Plan: 1,SE,35

AWC - SOUTHEAST REGION - PA NORTHEAST

Job Group: 001

OFFICIALS AND MANAGERS

Total Employees: 48

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.111	47.83	5.31	0.111	11.08	1.23
Available in Organization	0.889	3.92	3.48	0.889	1.32	1.17
Total Weighted Availability			8.80			2.40
Current Utilization			4.17			0.00

Shortfall in Persons	2.22	1.15
Difference greater than or equal to 1.00 persons	Yes	Yes
Underutilized (80% Rule)	Yes	Yes
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,35

AWC - SOUTHEAST REGION - PA NORTHEAST

Job Group: 002

PROFESSIONALS

Total Employees: 8

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Weight</i>	<i>Total Minorities</i>	
		<i>Avail</i>	<i>Ext</i>		<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.333	28.93	9.64	0.333	13.11	4.37
Available in Organization	0.667	47.92	31.94	0.667	0.00	0.00
Total Weighted Availability			41.59			4.37
Current Utilization			62.50			0.00

Shortfall in Persons	0.00	0.34
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	Yes
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,35 AWC - SOUTHEAST REGION - PA NORTHEAST

Job Group: 003 TECHNICIANS

Total Employees: 1

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	1.000	53.57	53.57	1.000	0.00	0.00
Available in Organization	0.000	0.00	0.00	0.000	0.00	0.00
Total Weighted Availability			53.57			0.00
Current Utilization			0.00			0.00

Shortfall in Persons	0.53	0.00
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	Yes	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,35

AWC - SOUTHEAST REGION - PA NORTHEAST

Job Group: 005

OFFICE AND CLERICAL

Total Employees: 15

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.727	91.66	66.66	0.727	2.31	1.68
Available in Organization	0.273	57.78	15.76	0.273	4.44	1.21
Total Weighted Availability			82.42			2.89
Current Utilization			86.67			6.67

Shortfall in Persons	0.00	0.00
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

**Incumbency vs. Availability
Analysis Data as of 01/01/2009**

Plan: 1,SE,35

AWC - SOUTHEAST REGION - PA NORTHEAST

Job Group: 006

CRAFT WORKERS (SKILLED)

Total Employees: 117

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.750	10.13	7.59	0.750	1.50	1.13
Available in Organization	0.250	5.41	1.35	0.250	4.38	1.10
Total Weighted Availability			8.95			2.22
Current Utilization			5.98			0.85

Shortfall in Persons	3.46	1.60
Difference greater than or equal to 1.00 persons	Yes	Yes
Underutilized (80% Rule)	Yes	Yes
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

**Incumbency vs. Availability
Analysis Data as of 01/01/2009**

Plan: 1,SE,35 AWC - SOUTHEAST REGION - PA NORTHEAST

Job Group: 007 OPERATIVES (SEMI-SKILLED)

Total Employees: 133

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.654	16.74	10.95	0.654	3.91	2.56
Available in Organization	0.346	34.82	12.05	0.346	3.69	1.28
Total Weighted Availability			23.00			3.84
Current Utilization			5.26			5.26

Shortfall in Persons	23.59	0.00
Difference greater than or equal to 1.00 persons	Yes	No
Underutilized (80% Rule)	Yes	No
Underutilized (2 Std Dev)	Yes	No

Human Resources Section

Central

Officials and Managers - Total of Employees = 43		
Workforce	Women	Minorities
Internal Workforce	14.87%	2.19%
Relevant Labor Force	40.54%	12.83%

Professionals - Total of Employees = 22		
Workforce	Women	Minorities
Internal Workforce	25.12%	11.64%
Relevant Labor Force	17.86%	13.64%

Technicians - Total of Employees = 7		
Workforce	Women	Minorities
Internal Workforce	14.29%	14.29%
Relevant Labor Force	40.69%	10.71%

Service and Clerical - Total of Employees = 17		
Workforce	Women	Minorities
Internal Workforce	95.92%	11.88%
Relevant Labor Force	89.74%	8.97%

Craft Workers - Total of Employees = 6		
Workforce	Women	Minorities
Internal Workforce	11.79%%	5.50%
Relevant Labor Force	19.13%	12.70%

Craftives - Total of Employees = 8		
Workforce	Women	Minorities
Internal Workforce	13.81%	4.96%
Relevant Labor Force	27.10%	14.89%

AMERICAN WATER COMPANY - PA DIVERSITY

**Incumbency vs. Availability
Analysis Data as of 01/01/2009**

Plan: 1,SE,34

AWC - SOUTHEAST REGION - PA CENTRAL

Job Group: 001

OFFICIALS AND MANAGERS

Total Employees: 47

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.020	40.54	0.79	0.020	12.83	0.25
Available in Organization	0.980	14.87	14.58	0.980	2.19	2.14
Total Weighted Availability			15.38			2.40
Current Utilization			14.89			2.13

Shortfall in Persons	0.22	0.12
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,34

AWC - SOUTHEAST REGION - PA CENTRAL

Job Group: 002

PROFESSIONALS

Total Employees: 22

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	17.86	0.00	0.000	13.24	0.00
Available in Organization	1.000	25.12	25.12	1.000	11.64	11.64
Total Weighted Availability			25.12			11.64
Current Utilization			27.27			13.64

Shortfall in Persons	0.00	0.00
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: I,SE,34

AWC - SOUTHEAST REGION - PA CENTRAL

Job Group: 003

TECHNICIANS

Total Employees: 7

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	40.69	0.00	0.000	10.71	0.00
Available in Organization	1.000	14.29	14.29	1.000	14.29	14.29
Total Weighted Availability			14.29			14.29
Current Utilization			14.29			14.29

Shortfall in Persons	0.00	0.00
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,34

AWC - SOUTHEAST REGION - PA CENTRAL

Job Group: 005

OFFICE AND CLERICAL

Total Employees: 17

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	89.74	0.00	0.000	8.97	0.00
Available in Organization	1.000	95.92	95.92	1.000	11.88	11.88
Total Weighted Availability			95.92			11.88
Current Utilization			100.00			11.76

Shortfall in Persons	0.00	0.02
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

**Incumbency vs. Availability
Analysis Data as of 01/01/2009**

Plan: 1,SE,34

AWC - SOUTHEAST REGION - PA CENTRAL

Job Group: 006

CRAFT WORKERS (SKILLED)

Total Employees: 76

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	19.13	0.00	0.000	12.70	0.00
Available in Organization	1.000	11.79	11.79	1.000	5.50	5.50
Total Weighted Availability			11.79			5.50
Current Utilization			6.58			5.26

Shortfall in Persons	3.95	0.18
Difference greater than or equal to 1.00 persons	Yes	No
Underutilized (80% Rule)	Yes	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

**Incumbency vs. Availability
Analysis Data as of 01/01/2009**

Plan: 1,SE,34

AWC - SOUTHEAST REGION - PA CENTRAL

Job Group: 007

OPERATIVES (SEMI-SKILLED)

Total Employees: 61

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	27.10	0.00	0.000	14.89	0.00
Available in Organization	1.000	13.81	13.81	1.000	4.96	4.96
Total Weighted Availability			13.81			4.96
Current Utilization			14.75			4.92

Shortfall in Persons	0.00	0.02
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

Human Resources Section

Western

Officials and Managers - Total of Employees - 73		
Workforce	Women	Minorities
Internal Workforce	13.71%	5.28%
Relevant Labor Force	50.75%	15.91%

Professionals - Total of Employees - 141		
Workforce	Women	Minorities
Internal Workforce	22.91%	4.2%
Relevant Labor Force	31.08%	17.63%

Technicians - Total of Employees - 8		
Workforce	Women	Minorities
Internal Workforce	16.67%	16.67%
Relevant Labor Force	34.91%	8.39%

Office and General - Total of Employees - 17		
Workforce	Women	Minorities
Internal Workforce	68.68%	2.99%
Relevant Labor Force	57.30%	8.55%

Craft Workers - Total of Employees - 120		
Workforce	Women	Minorities
Internal Workforce	9.99%	7.42%
Relevant Labor Force	8.22%	10.68%

Operatives - Total of Employees - 23		
Workforce	Women	Minorities
Internal Workforce	12.53%	7.25%
Relevant Labor Force	17.82%	10.34%

Laborer - Total of Employees - 2		
Workforce	Women	Minorities
Internal Workforce	0%	0%
Relevant Labor Force	16.22%	7.60%

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 001

OFFICIALS AND MANAGERS

Total Employees: 79

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.013	50.75	0.64	0.013	15.91	0.20
Available in Organization	0.987	13.71	13.54	0.987	5.28	5.22
Total Weighted Availability			14.18			5.42
Current Utilization			13.92			5.06

Shortfall in Persons	0.20	0.27
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 002

PROFESSIONALS

Total Employees: 14

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.231	31.08	7.17	0.231	17.63	4.07
Available in Organization	0.769	22.91	17.63	0.769	4.20	3.23
Total Weighted Availability			24.80			7.30
Current Utilization			35.71			0.00

Shortfall in Persons	0.00	1.02
Difference greater than or equal to 1.00 persons	No	Yes
Underutilized (80% Rule)	No	Yes
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 003

TECHNICIANS

Total Employees: 6

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	34.91	0.00	0.000	8.39	0.00
Available in Organization	1.000	16.67	16.67	1.000	16.67	16.67
Total Weighted Availability			16.67			16.67
Current Utilization			16.67			16.67

Shortfall in Persons	0.00	0.00
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 005

OFFICE AND CLERICAL

Total Employees: 15

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	57.30	0.00	0.000	8.55	0.00
Available in Organization	1.000	68.68	68.68	1.000	2.99	2.99
Total Weighted Availability			68.68			2.99
Current Utilization			86.67			0.00

Shortfall in Persons	0.00	0.44
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	Yes
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 006

CRAFT WORKERS (SKILLED)

Total Employees: 120

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.056	8.22	0.46	0.056	10.68	0.59
Available in Organization	0.944	9.99	9.43	0.944	7.42	7.00
Total Weighted Availability			9.89			7.60
Current Utilization			9.17			7.50

Shortfall in Persons	0.86	0.11
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 007

OPERATIVES (SEMI-SKILLED)

Total Employees: 235

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.021	17.82	0.38	0.021	10.34	0.22
Available in Organization	0.979	12.53	12.26	0.979	7.25	7.10
Total Weighted Availability			12.64			7.32
Current Utilization			12.77			7.23

Shortfall in Persons	0.00	0.19
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

AMERICAN WATER COMPANY - PA DIVERSITY

Incumbency vs. Availability

Analysis Data as of 01/01/2009

Plan: 1,SE,36

AWC - SOUTHEAST REGION - PA WESTERN

Job Group: 008

LABORERS (UNSKILLED)

Total Employees: 2

<i>Factor</i>	<i>Weight</i>	<i>Total Female</i>		<i>Total Minorities</i>		
		<i>Avail</i>	<i>Ext</i>	<i>Weight</i>	<i>Avail</i>	<i>Ext</i>
Requisite Skills in Recruitment	0.000	16.22	0.00	0.000	7.60	0.00
Available in Organization	1.000	0.00	0.00	1.000	0.00	0.00
Total Weighted Availability			0.00			0.00
Current Utilization			0.00			0.00

Shortfall in Persons	0.00	0.00
Difference greater than or equal to 1.00 persons	No	No
Underutilized (80% Rule)	No	No
Underutilized (2 Std Dev)	No	No

APPENDIX A



AMERICAN WATER

Title: Alternative Work Schedule Policy
Functional Area: Human Resources
Policy Number: hrs_emp_po_02_altworksched_2009_10_31

SCOPE

This policy covers all non-bargaining unit employees of American Water Works Company, Inc. and employees of its controlled regulated and unregulated subsidiaries ("American Water" or the "Company") employed in the United States.

POLICY STATEMENT

Business Objective

This policy will outline the Company's expectations regarding use and administration of alternative work schedules.

Statement

American Water appreciates that alternative work schedules may offer opportunities to improve employee morale and retention by providing an improved work-life balance, and may consider the use of alternative work schedules on a case-by-case basis, where such creative work schedules have been shown to accomplish both work and personal goals, to provide coverage for individual department operations and to serve the Company as a whole without any negative impact on the productivity, effectiveness or efficiency of the business. It is not acceptable, however, to offer compensatory time-off in lieu of overtime payments.

The Company reserves the right at any time to return the employee to the employee's original schedule if the alternative work schedule is not permitting the business to operate efficiently or effectively, or, if changes in circumstances necessitate the return to the original schedule.

MONITORING

The immediate supervisor, in conjunction with Business Unit Head and local Human Resources, is responsible for reviewing and approving alternative work schedules.

The immediate supervisor is responsible for monitoring compliance with the policy.

REPORTING/METRICS

Local Human Resources is responsible for tracking the number of employees assigned to alternative work schedules and the nature of the alternative work schedules.

Corporate Human Resources will identify annually to the Board on the number of employees on alternative work schedules and the impact, if any, on operations.

CONSEQUENCE OF NON-COMPLIANCE

Non compliance with this policy by any employee will result in a loss of eligibility to participate in this program.

WAIVER

Not Applicable

Alternative Work Schedule
Human Resources
Jerry Crofford

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hrs_emp_po_02_altworksched_2009_10_31.doc31
Date Adopted: October 31, 2009



AMERICAN WATER

REFERENCES

Sick Leave Policy
Overtime Policy
Holiday Policy
Alternative Work Schedules Practice

DEFINITIONS

Eligible Employees – Eligibility for participation in an approved alternative work schedule will depend on an assessment by the Business Unit head, the employee's supervisor and Human Resources that the employee's proposed work schedule should enable the employee to fully meet job responsibilities and performance expectations. Employees who have been subject to performance and/or disciplinary action during the preceding 6 months will not be eligible to participate in alternative work schedule or compressed workweek.

Schedules – There are various alternative work schedules and compressed workweeks that may be utilized. Examples may include, among other schedules, the following:

- **Flex-Time**, which allows the employee to have staggered start and end times based on an established schedule.
- **Ten-hour day, four day workweek**- allows an employee to work ten hours per workday, reducing the workweek to four days per week. Employees would still receive regular holiday pay as outlined in the Holiday Pay Policy. If a non-exempt employee accepts this schedule, hours worked in excess of 8 hours per day are not considered overtime hours to be paid at time and one-half, unless otherwise required by law.
- **Telecommuting**- allows an employee to work from home on a pre-approved schedule.

REVIEW/UPDATE

This policy will be reviewed at least every 2 years

Approved by:

Service Company Board

Original Adopted: November 2, 2006

Revised Adopted: October 31, 2009

Date of Last Review: October 31, 2009

Effective Date: October 31, 2009

Prepared By: **Human Resources**

<p style="text-align: center;">Disclaimer</p>
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<p>American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No</p>

Alternative Work Schedule
Human Resources
Jerry Crofford

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Date Adopted: October 31, 2009



AMERICAN WATER

employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Compensation and Salary Administration Policy
Functional Area: Human Resources
Policy Number: hr.cmp.po.05.compandsaladmin_2007_06_26

POLICY STATEMENT

Business Objective

American Water strives to provide a competitive pay package, communicate and reinforce desired performance and attract and retain the best people. The overall objective of the salary administration program is to compensate employees who contribute to the business goals of the Company. The American Water Board views this policy as dynamic and reserves the right to modify any portion of this policy or underlying program to support the Company's overall objectives.

Statement

American Water policy is to relate salaries directly to measured job performance and to administer pay programs within the company on a consistent basis without regard to race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender or any other characteristic protected by law.

The compensation and salary administration programs:

- Provide a framework for assigning positions to salary levels on a fair and consistent basis;
- Establish and maintain salary ranges that are competitive in the marketplace;
- Ensure that each salary decision is based on an assessment of an employee's performance;
- Support the Company's planning and budgeting process; and
- Ensure that salary-related decisions are equitable, consistent and made without regard to race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender or any other characteristic prohibited by law.

The Corporate Human Resources Group is charged with assuring:

1. A consistent approach to job analysis through completion of a standard job description by a supervisor.
2. A job evaluation process to assign positions to salary levels based on their actual duties and responsibilities.
3. A competitive salary structure reflecting what other organizations pay for similar work and the Company's internal equity.
4. A performance appraisal process to provide the basis to evaluate each employee's contribution to the company, to determine merit salary increases and to identify ways to strengthen performance and employee development.
5. Salary administration practices to ensure consistent application of the program.



AMERICAN WATER

The salary guidelines developed by the Corporate Human Resources Department are provided as a basic framework to use in exercising sound judgment in the daily administration of the program.

It is essential that the Human Resources Department and line management work together in administering the salary administration program. Both parties have important, interrelated responsibilities. The Human Resources Department will provide assistance in making personnel and compensation-related decisions; conversely, Human Resources must be advised of specific problems or concerns about the program.

SCOPE

This policy covers all non-bargaining unit employees of American Water Works Company, Inc. and employees of its controlled regulated and non-regulated subsidiaries ("American Water" or the "Company") in the United States.

MONITORING

Supervisors are responsible for proper application of this policy in accordance with American Water Salary Administration Guidelines.

Local Human Resources are responsible for assuring that supervisors are aware of the American Water Salary Administration Guidelines and compliance with this policy.

REPORTING / METRICS

Corporate Human Resources will report annually to the Service Company Board on the effectiveness of the program from the prior year, policy violations in the prior year and recommend the new program for the upcoming year.

CONSEQUENCE OF NON-COMPLIANCE

Any knowing or willful violation of the policy and the related guidelines may result in discipline up to and including termination of employment.

WAIVER

All waivers under this policy must be approved in advance by the Senior Vice President of Human Resources, or her or his designee.

REFERENCES

Performance Management and Feedback Policy
American Water Salary Administration Guidelines

DEFINITIONS

None

REVIEW / UPDATE

This policy will be reviewed every 3 years; the guidelines will be reviewed annually.



AMERICAN WATER

Approved by: American Water Board

Original Adopted: June 26, 2007

Revised Adopted:

Date of Last Review: June 26, 2007

Effective Date: June 26, 2007

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



Title: **Employee Referral Policy**
Functional Area: **Human Resources**
Policy Number: **hrs_stf_po_01_employreferl_2007_02_27**

POLICY STATEMENT

Business Objective

American Water realizes that our employees can be an excellent source of candidates for existing openings. The Employee Referral Program is designed to support our recruiting process by enlisting your help in sourcing job candidates.

Statement

It is the policy of American Water to recruit the very best job applicants based on their training, education, experience and overall qualifications. All employment selection decisions are to be based upon objective, non-discriminatory criteria only.

Eligibility

The referral must be for a full-time position. Part-time, temporary, summer, and co-op positions do not qualify.

The referring employee must be an employee of a participating American Water Company and solely responsible for bringing the candidate to the attention of the Company. The employee may search for positions on the internal candidate portal and send a posting to a friend through the portal, provided the position has been posted both internally and externally and the position is coded to accept referrals. Employees will be able to check on the status of a referral through the Careers @ American Water website available on the American Water Intranet.

The selected candidate must pass all pre-employment qualifications required for the position. If the selected candidate is hired and remains an active employee for ninety (90) days, you will be eligible for the referral award, provided that you are an active employee when the candidate completes his or her first ninety (90) days of employment.

This award is not payable to hiring managers, employees in salary level L5 or higher, Human Resources Department management employees, or Human Resources employees directly involved in the hiring process at the hiring location.

Awards

The Award Schedule is based on the new hire's salary level.

<u>SALARY LEVEL</u>	<u>AWARD PAYMENT</u>
ML4 - L5	\$ 2,500
L6 - L8	2,000
L9 - L11	1,000
L12 - L16	500

Awards will be issued on the first pay day of the month after the award is due and all awards are subject to payroll tax reporting and withholding.

An award will not be included in benefit accruals and/or calculations for any benefit programs offered by American Water in which the employee may be participating. This includes, but is not limited to: Defined Benefit Pension Plan, the Company 401(K) Plan, Life Insurance Program, and Short-Term and Long-Term Disability Programs.



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SCOPE

This policy covers the posting and filling of all non-bargaining unit full-time regular jobs in salary level ML4 and L5 through L16 at American Water Works Company, Inc. and each of its subsidiaries (together "American Water" or the "Company"). The policy covers the regulated business only.

MONITORING

Local Human Resources is responsible for monitoring referral activities.

REPORTING/METRICS

Regional Human Resources will report the number of referrals and the cost of referrals quarterly to the Regional President and Corporate Human Resources.

Corporate Human Resources will report the total number of referrals and the total program cost to the Service Company Board annually.

CONSEQUENCE OF NON-COMPLIANCE

Failure to comply with the requirements of this policy may result in a forfeiture or ineligibility for a referral payment under this policy.

WAIVER

All waivers under this policy must be approved by the Senior Vice President of Human Resources or her or his designee.

REFERENCES

Employee Referral Practice

DEFINITIONS

None

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Service Company Board

Original Adopted: April 6, 2006

Revised Adopted: February 27, 2007

Date of Last Review: February 27, 2007

Effective Date: February 27, 2007

Prepared By: **Human Resources**



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Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board (or its direct executive membership) has the authority to enter into any agreement contrary to this Policy.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Equal Employment Opportunity (EEO) Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_03_equalemplyop_2007_06_215

POLICY STATEMENT

Business Objective

American Water is committed to providing a work environment that is free from all forms of discrimination and conduct that could be considered harassing, coercive or disruptive. American Water is an equal opportunity employer.

Statement

It is the policy of the Company to provide equal opportunities to qualified individuals without regard to race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender, gender identity or expression, or any other characteristic prohibited by law. This policy applies to all terms and conditions of employment, including, but not limited to, application procedures, hiring, advancement, discharge, compensation, training, or other terms, conditions and privileges of employment.

The Company is committed to providing reasonable accommodations where necessary, feasible and required by applicable law. Employees seeking an accommodation should bring their request to either their supervisor or local Human Resources. When accommodation is requested, the Company will meet and discuss the situation with the employee and attempt to reach a mutually agreeable reasonable accommodation.

This policy applies to all personnel actions-including (and without limitation to) hiring, transfers, promotions, compensation, benefits, education, training, recreation, and social programs.

Improper interference with the ability of American Water employees to perform their expected job duties is absolutely not tolerated.

The policies and principles of equal employment opportunity also apply to the selection and treatment of independent contractors, personnel working on our premises who are employed by temporary agencies and any other persons or firms doing business for or with the Company.

SCOPE

This policy covers all employees of American Water Works Company, Inc. and its controlled subsidiaries (together "American Water" or the "Company") employed in the United States, including both the regulated and non-regulated business. This policy covers vendors, customers, or others who enter American Water.

MONITORING

It is the responsibility of every employee and supervisor to monitor this compliance with this policy and report any non-compliance.

REPORTING/METRICS

Local Human Resources will track all violations of this policy and report metrics to Corporate Human resources on a quarterly basis.



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Corporate Human Resources will report annually to the Board the number of internal complaints filed under this policy, as well as the number of claims filed with regulatory agencies and resolution status of all claims.

CONSEQUENCE OF NON-COMPLIANCE

Employees violating this policy will be subject to disciplinary action up to and including termination. While the Company's ability to discipline a non-employee harasser (e.g. customer, vendor or visitor) is limited by the degree of control, if any, that the Company has over the alleged harassers, appropriate action will be taken.

Any employee, who is found to have knowingly made a false accusation of harassment or retaliation, may be subject to appropriate disciplinary action up to and including termination.

WAIVER

There are no waivers under this policy.

REFERENCES

Title VII of the Civil Rights Act
Americans With Disabilities Act

DEFINITIONS

N/A.

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Indicate: Service Company Board

Original Adopted: May 3, 2006

Revised Adopted: June 15, 2007

Date of Last Review: June 15, 2007

Effective Date: June 15, 2007

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER



AMERICAN WATER

Title: Harassment Free Workplace Policy
Functional Area: Human Resources
Policy Number: hrs_emp_po_01_harrassfree_2007_06_15

POLICY STATEMENT

Business Objective

American Water is committed to a workplace free of discrimination and harassment of any kind. Offensive or harassing behavior will not be tolerated against any employee, vendor, customer or visitor.

Statement:

American Water prohibits discrimination or harassment of any individual on the basis of race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender, gender identity or expression, or any other characteristic prohibited by law. Such actions are unacceptable and will not be tolerated. Supervisory or managerial personnel are responsible for taking proper action to end such behavior in their workplace.

Any employee who, in good faith, reports an alleged incident of harassment will under no circumstances be subject to reprisal or retaliation of any kind. Any employee who feels he or she has been subjected to retaliation should file a complaint with the Human Resources Department.

SCOPE

This policy covers all employees of American Water Works Company, Inc. and its controlled subsidiaries (together "American Water" or the "Company") employed in the United States, including both the regulated and non-regulated business. This policy covers vendors, customers, or others who enter American Water workplace. Workplace includes facilities owned or leased by American Water as well as any place where American Water does business. This policy also applies to participation in business trips, meetings or social events, regardless of location.

MONITORING

It is the responsibility of every employee and supervisor to monitor compliance with this policy and report any non-compliance.

REPORTING/METRICS

Local Human Resources will track all violations of this policy and report metrics to Corporate Human resources on a quarterly basis.

Corporate Human Resources will report annually to the Board the number of internal complaints filed under this policy, as well as the number of claims filed with regulatory agencies and resolution status of all claims.

CONSEQUENCE OF NON-COMPLIANCE

Employees violating this policy will be subject to disciplinary action up to and including termination. While the Company's ability to discipline a non-employee harasser (e.g. customer, vendor or visitor) is limited by the degree of control, if any, that the Company has over the alleged harassers, appropriate action will be taken.



WAIVER

No waivers will be granted under this policy.

REFERENCES

Title VII of the Civil Rights Act.
Harassment Complaint Procedure.

DEFINITIONS

Under this policy, harassment includes verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of his /her, race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, gender or any other characteristic protected by law and that: (i) has the purpose or effect of creating an intimidating, hostile or offensive work environment; (ii) has the purpose or effect of unreasonably interfering with an individual's work performance; or (iii) otherwise adversely affects an individual's employment opportunities.

Harassing conduct includes, but is not limited to: epithets, slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes; and written or graphic material that denigrates or shows hostility or aversion toward an individual or group.

The definition of sexual harassment is particularly difficult to define. While it may not be possible to identify all the conduct that could be considered sexual harassment, it has been defined generally as including unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature, whenever: (1) submission to the conduct is either an explicit or implicit term or condition of employment; (2) an employee's reaction to the conduct is used as a basis for employment decisions affecting that employee; or (3) the conduct has the purpose or effect of interfering with the employee's work performance or creating an intimidating, hostile or offensive working environment.

No individual should be subjected to unsolicited and unwelcome sexual overtures. Nor should any individual be led to believe that an employment opportunity or benefit will in any way depend upon "cooperation" of a sexual nature.

Sexual harassment is not limited to demands for sexual favors. While it is impossible to identify all types of sexual harassment, examples include: (1) sexually-oriented kidding, teasing, or jokes; (2) repeated offensive sexual flirtations, advances, or propositions; (3) continued or repeated verbal abuse; (4) graphic or degrading comments about an individual or his or her appearance; (5) the display of sexually suggestive objects or pictures; (6) subtle pressure for sexual activity; (7) brushing, patting or any other physical contact; and (8) harassing e-mails.

Sexual harassment does not refer to occasional compliments of a socially acceptable nature without a discriminatory employment effect. Rather, it refers to behavior which is not welcome and which is personally intimidating, hostile or offensive.

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Indicate: Service Company Board

Original Adopted: June 7, 2006

Harassment Free Workplace
Human Resources
Robert McKeage

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Policy Number: hrs_emp_po_01_harrassfree_2007_06_15
Date Adopted: June 15, 2007



AMERICAN WATER

Revised Adopted: _____

Date of Last Review: June 15, 2007

Effective Date: June 15, 2007

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Internal Job Posting Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_02_internalposting_2007_11_16

POLICY STATEMENT

Business Objective

The purpose of this policy is to assure that employees have an opportunity to learn about current open positions at American Water and to express an interest in any open position for which they believe they are qualified.

Statement

The Company's policy is to provide current employees the opportunity to self-nominate for any approved and open position, posted pursuant to this policy. While the primary purpose of the internal job posting system is to provide employees with the opportunity for promotion or lateral growth, an employee may apply for a position at the same or lower salary level. Any employee who accepts a demotion may be subject to salary restrictions and/or a reduction in salary in accordance with the Compensation and Salary Administration policy

When employees have demonstrated prerequisite qualifications, they may be given priority consideration for posted positions. However, the Company reserves the right to recruit externally when it determines, at its sole discretion, that it is in the Company's best interest to do so.

Selection of employees for posted job openings shall be based on individual merit and the ability to meet job qualifications with or without accommodation. Selections will be made without regard to gender, gender identity or expression, age, race, color, disability, religion, national origin, and marital, veteran status, or any other protected classification.

Job openings at salary levels L5 through L16 and N5 through N17 that might be filled by candidates within the Company, will be posted on the Careers@American Water site available through the American Water intranet or through a posting of an "Announcement of Position Vacancy". The Company's philosophy is to announce vacancy opportunities at all levels, if deemed appropriate under the circumstances. Positions posted within the last 90 days do not need to be re-posted.

Existing positions in grades L5 through L16 and N5 through N17 must be posted for at least seven days when they become vacant. However, certain positions within a department may be recognized as "Line of Progression" positions. An example of a line of progression is: Engineer to Project Engineer to Sr. Engineer. By virtue of meritorious performance, an Engineer could be promoted to Project Engineer. The Project Engineer position would not be posted in this situation and therefore the Engineer position does not become an opening. The meritorious progression placement ceases when the next progressive step is to a management position. Consistent with this example, a Manager engineering position would be posted. Therefore, a Sr. Engineer cannot be promoted to a Manager Engineering, without posting the Manager Engineering opening.

Only employees are permitted to use the Careers@AmericanWater site on the American Water intranet. Employee applicants who are in salary level L5 through L13 and N5 and N14 must have held their current position for at least one (1) year prior to applying to any posted position. Employee applicants in salary level L14 through L16 and N15 through N17 must have held their current position for at least six (6) months prior to applying for any posted position. If business



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conditions permit, management may, at its sole discretion, waive this requirement and such waiver must be in writing and submitted to the local Human Resource Representative.

Applicants who posted for a position must have a satisfactory performance record and have no disciplinary actions received within the previous 12 months.

If an employee has been notified that his/her current position has been eliminated, their application for a vacancy will receive priority consideration in the selection process. To receive priority consideration, the employee facing downsizing must meet the qualifications for the posted vacancy and have at least a "Meets Expectations" performance level.

This policy replaces the Systemwide Staffing Program Policy

SCOPE

This policy covers the posting and filling of all non-bargaining unit full-time regular jobs at American Water Works Company, Inc. and its controlled subsidiaries (together "American Water" or the "Company") in salary level L5 through L16 in the regulated companies and N5 through N17 in the non-regulated companies.

MONITORING

Local Human Resources is responsible for assuring compliance with this policy.

REPORTING/METRICS

Local Human Resources will track the number of internal transfers and promotions and report them to Corporate Human Resources monthly.

Corporate Human Resources will report the number of internal transfers and promotions to the Service Company Board annually.

CONSEQUENCE OF NON-COMPLIANCE

Non compliance with this policy may result in ineligibility to participate in internal job posting.

WAIVER

Any deviation or waiver from or exception to this policy requires the prior approval of the Senior Vice President, Human Resources or his or her designee.

REFERENCES

Careers@AmericanWater
Internal Job Posting Program Practice
Equal Employment Opportunity
Compensation and Salary Administration Policy

DEFINITIONS

Indicate as needed.

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Internal Job Posting Policy
Human Resources
Carol Asselta

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Policy Number: hrs_stf_po_02_internalposting_2007_11_16.
Date Adopted: November 16, 2007



AMERICAN WATER

Service Company Board

Original Adopted: April 6, 2006
Revised Adopted: November 16, 2007
Date of Last Review: November 16, 2007
Effective Date: November 16, 2007
Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: No Retaliation Policy
Functional Area: Human Resources
Policy Number: hrs_emp_po_04_noretaliaton_2009_10_31

SCOPE

This policy covers all employees of American Water Works Company, Inc. and employees of its regulated and unregulated subsidiaries (“American Water” or the “Company”) employed in the United States.

POLICY STATEMENT

Business Objective

It is the intent of American Water to encourage employees to report alleged wrongful conduct and to prohibit any adverse action against an employee who has made a good faith disclosure of alleged wrongful conduct.

Statement

Employees are encouraged to promptly report alleged wrongful conduct. No adverse action may be taken against an employee for any good faith disclosure of alleged wrongful conduct including, but not limited to the employee's good faith belief that he or she has evidenced: (i) a violation of any law; (ii) fraudulent or criminal conduct or activities; (iii) questionable accounting or auditing matters; (iv) misappropriation of Company funds; or (v) violations of provisions of the Company's Code of Ethics. No employee shall take or recommend an adverse action against an employee or otherwise retaliate against an employee for disclosing alleged wrongful conduct.

An employee who becomes aware of alleged wrongful conduct is encouraged to make a Disclosure to the Ethics Hotline at (877)207-4888 as soon as possible.

This Policy may not be used as a defense by an employee against whom an adverse or disciplinary action has been taken for legitimate reasons or cause. It shall not be a violation of this Policy to take adverse disciplinary action against an employee whose conduct or performance warrants that action separate and apart from the employee making a disclosure.

An employee's protection under this Policy is in addition to any protections to any applicable state or federal law and this Policy shall not be construed as limiting any of such protections.

MONITORING

Human Resources, particularly State and Divisional Human Resources, is responsible for compliance monitoring and will provide metrics regarding the number of violations each quarter.

REPORTING/METRICS

Corporate Human Resources will provide the American Water Service Company Board with an annual report identifying the number of violations.

CONSEQUENCE OF NON-COMPLIANCE

Any employee who violates this policy may be subject to disciplinary action up to and including termination from employment.

No Retaliation
Human Resources
Sponsor: Bob McKeage

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hrs_emp_po_04_noretaliaton_2009_10_31.doc
Date Adopted: October 31, 2009



AMERICAN WATER

WAIVER

There are no waivers under this policy.

REFERENCES

Code of Ethics
Harassment Free Workplace Policy

DEFINITIONS

Adverse Action – Adverse action includes, among other things, disciplinary action, discrimination and harassment.

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Indicate: Service Company Board

Original Adopted: November 2, 2006

Revised Adopted: October 31, 2009

Date of Last Review: October 31, 2009

Effective Date: October 31, 2009

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Relocation Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_04_relocation_2007_09_28

POLICY STATEMENT

Business Objective

It is the intent of American Water to support employees and their families to the extent practical in all phases of relocation, and to provide fair and uniform relocation benefits.

Statement

American Water will provide financial assistance to reduce inconvenience and financial burdens incurred during the assignment of an exempt employee to a new work location in accordance with the provisions of this policy. The Company will assist the employee in securing housing at the new work location and in disposing of the principal residence at the old location as quickly as possible. However, only employees who currently own a personal or family residence and who purchase a home at the new location within **one year** of their effective transfer date are eligible for home purchase closing costs.

All approved relocation expenses are to be charged to the destination company (e.g. the company the employee is being relocated to work for). A transferring employee is only eligible for the relocation package offered by the destination company.

Employees participating in the relocation program must work with the approved relocation vendor. The employee must contact the relocation vendor before initiating any transactions. Failure to contact the vendor prior to a transaction may result in some or all of those expenses being denied.

Any employee who participates in the relocation program will be required to complete one (1) full year of service after the relocation is completed. Any employee who does not complete the full year of service following the completion of the relocation will be required to pay back any and all relocation funds received.

SCOPE

This policy covers all exempt non-bargaining unit employees of American Water Works Company, Inc. and its controlled subsidiaries ("American Water" or the "Company") employed in the United States.

MONITORING

Human Resources, particularly Regional Human Resources, is responsible for monitoring compliance and will provide metrics regarding the number of relocations issued each quarter.

To ensure consistent application of this policy throughout the system, all relocation expenses will be reviewed and approved by the Senior Vice President, Human Resources, or his/her designee.

REPORTING/METRICS

Corporate Human Resources will provide the American Water Service Company Board with an annual report identifying the number of relocations provided as well as the annual cost of the program.

Relocation
Human Resources
Carol Asselta

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hrs_stf_po_04_relocation_2007_10_02.doc
Date Adopted: September 28, 2007



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CONSEQUENCE OF NON-COMPLIANCE

Employees who knowingly violate this policy may lose relocation privileges and may also be subject to disciplinary action up to and including termination from employment.

WAIVER

Any exceptions to this policy must be approved in advance by the Senior Vice President of Human Resources, or her or his designee.

REFERENCES

NEI Global Relocation Website

DEFINITIONS

Eligibility - An individual in an exempt position who relocates for the benefit of and at the request of the Company in conjunction with a full-time position (35 hours a week or more), for which relocation has been authorized and approved, may be reimbursed for certain costs associated with the relocation when the distance from the old residence to the new place of work is at least 50 miles (subject to change per IRS regulations) farther than the distance from the old residence to the old work location, provided the employee meets all other eligibility requirements. This applies only to employees being permanently reassigned by the Company to a new location for an indefinite or stated period of not less than 12 months.

Participation in the American Water relocation program must conclude within 12 months of the date of hire or effective date of transfer.

Levels of Relocation :

Regulated Businesses, including American Water works Service Company, Inc. – Three (3) levels

- **Gold** Available to employees in Salary Levels ML 1 through L 5
- **Silver** Available to employees in Salary Levels L 6 and L 7
- **Bronze** Available to employees in salary Levels L 8 through L 11

Non-regulated Businesses – Two (2) levels

- Tier I Available to employees in Salary Levels N4 through N6
- Tier II Available to employees in Salary Levels N7 through N11

Individuals should consult with the local Human Resources department to ascertain whether or not relocation is available for their new or transfer position and to obtain additional information on the level for which they are eligible. Any individual who participates in this program must contact the approved Relocation Company prior to initiating any activities related to a move.

Covered expenses and Services - Actual details are covered in the program description for each program level. Covered expenses may include, among other things:

- *Relocation Expense Report Payments*



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- *A Market Value Driven Program*
- *Temporary Living*
- *Home Finding Services*
- *Household Moves*
- *Other Expenses and Services , such as*
 - *Income Tax Expense Support*
 - *Spouse Employment Assistance*
 - *Rental Home Finding Assistance*

The allowable reimbursable relocation expenses are determined by the organization level of the position into which the employee is transferred or hired and the package for which the employee is eligible.

REVIEW/UPDATE

This policy shall be reviewed every 3 years.

Approved by:

Service Company Board

Original Adopted: November 2, 2006
Revised Adopted: September 28, 2007
Date of Last Review: September 28, 2007
Effective Date: September 28, 2007
Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Staffing Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_06_staffing_2008_05_30

SCOPE

This policy applies to American Water Works Company, Inc. and the employees of its controlled regulated and unregulated subsidiaries (together "American Water" or the "Company").

POLICY STATEMENT

Business Objective

American Water (See Scope below) believes that hiring the most qualified individuals, without regard to race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender or any other characteristic protected by law, contributes to the overall strategic success of the Company. The Company expects that each employee, while employed, will make significant contributions to American Water.

We encourage, honor, and celebrate differences in our workforce, including race, gender, spiritual practice, age, nationality, physical capabilities, education, and personal style. American Water values and promotes diversity in its workforce and aims to reflect the local communities it serves through the people it employs, wherever possible.

Statement

PERSONNEL REQUISITIONS

American Water will only fill positions that have been properly requisitioned and approved in accordance with the Staffing Practice. The Hiring Supervisor/Manager must work with local Human Resources to identify a staffing need. Local Human Resources will develop the requisition using authorized and approved job descriptions from the Company's Job Description Database. Prior to the requisition process, local Human Resources will assure that descriptions not currently in the Job Description Database are created/updated and entered into the database. All requisitions are created in the Company's resource management system and routed for review and approval. Requisitions must contain all required approvals including the appropriate Human Resources Director. Each Operating Unit/state will identify and publish a practice regarding specific approvals for requisitions.

JOB POSTINGS

All regular exempt and non-exempt job openings in salary levels L5 through L16 and N5 through N17, and any other positions that the Company determines should be posted on the Careers@AmericanWater website and bulletin boards, as appropriate for employees to review, consistent with the Company's Internal Job Posting Policy and Practice. Jobs remain posted until the position is filled or at management's discretion until a specified closing date. Job postings are updated daily.



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INTERNAL TRANSFERS

Employee applicants who are in salary level L5 through L13 and N5 through N12 must have held their current position for at least one (1) year prior to applying to any posted position. Employee applicants in salary level L14 through L16 and N13 through N17 must have held their current position for at least six (6) months prior to applying for any posted position. If business conditions permit, the employee's current management may, at its sole discretion after consultation with local Human Resources, waive this requirement and such waiver must be in writing and submitted to their Local Human Resource Representative, consistent with the Internal Job Posting Policy and Practice. All waivers must be included in the employee's personnel folder and in the search file. Once transferred to a new position, employees will enter into an introductory period for the new position. The introductory period is determined by the level and complexity of the position.

RECRUITMENT ADVERTISING

Positions are advertised externally based upon need and budget requirements. Human Resources is responsible for placing all recruitment advertising.

INTERVIEW PROCESS

Human Resources or the Hiring Supervisor/Manager may screen applications and/or resumes prior to scheduling interviews. Initial interviews are generally conducted by Human Resources and the hiring manager. Team interviews may be conducted as needed for some positions.

A structured interview process is recommended. In this process, interview questions are compiled by the interviewing team and reviewed by Human Resources. The team would then agree on the interview questions and a common understanding of what constitutes an appropriate response. During the interview process it may be appropriate to ask specific or more probing questions to ascertain an accurate understanding of the candidates' qualifications for the position. After the team completes the interview process, the results of the each interview is summarized and forwarded to the Hiring Supervisor/Manager and/or Human Resources for review. The Hiring Supervisor/Manager has ultimate responsibility for making a hiring decision, but must consult with local Human Resources on the offer parameters, consistent with the Delegation of Authority

Hiring Supervisors/Managers must notify Human Resources of all interviews conducted. All applications and resumes of applicants not selected must be retained in accordance with law. Human Resources will notify applicants who are not selected of the hiring decision. Human Resources is responsible for assuring that all applicants are properly identified for Affirmative Action purposes.

REFERENCE CHECKS, CRIMINAL BACKGROUND CHECKS, AND DRUG AND ALCOHOL TESTING

Candidates for employment with the Company, except as identified below, must successfully complete reference checks, criminal background checks and drug and alcohol testing prior to starting work with the Company. Consistent with all applicable laws and regulations, Human Resources will prepare an offer that may be contingent upon satisfactory completion of employment reference checks, criminal background checks, drug and alcohol tests and/or physical examination, if required. The local Human Resources representative will facilitate the



AMERICAN WATER

checking of references for all candidates. Human Resources will contact final candidates to schedule a pre-employment drug and alcohol screen and physical examination, if required. Consistent with Canadian law, criminal background checks and drug and alcohol testing are not required for any position in Canada.

JOB OFFERS

Typically, a verbal contingent offer of employment is extended by Human Resources. Once Human Resources receives satisfactory results from the reference checks, criminal background check, drug and alcohol screen and physical examination, if required, Human Resources will notify the candidate and send the candidate a formal written offer. In certain situations, and as required by law, a formal written offer may be extended, contingent upon the results of reference checks, criminal background checks, drug and alcohol testing and whatever other pre-employment testing is required.

If the final or preferred candidate is a current or prior employee of the Company's external auditing firm, a state regulatory agency or a consulting firm, the Chief Financial Officer (CFO) must be notified before any offer may be made. The CFO will review all pertinent information and assure that all required approvals have been given prior to extending any offer. Once appropriate approvals have been given, then, and only then, may an offer be extended.

INITIAL START DATE AND ORIENTATION

All employees must complete required new hire paperwork and the New Employee Orientation. Generally, all documents are completed at the New Employee orientation or prior to the scheduled orientation. All documents are identified in the Staffing Practice. Hiring Supervisor/Managers will complete the "New Hire Checklist" with new employees and go through any policy and procedures related to the new employee's position.

SCOPE

This policy applies to American Water Works Company, Inc. and its controlled subsidiaries (together "American Water" or the "Company").

MONITORING

Local Human Resources is responsible for monitoring all aspects of the recruiting and staffing process.

The Divisional Human Resources Director is responsible for monitoring the overall staffing process for the Region and submitting quarterly metrics to the Operating Unit Head and Corporate Human Resources.

Corporate Human Resources is responsible for overall governance of the staffing process, providing tools and systems to support the process and providing regular metrics to the Service Company Board.

REPORTING/METRICS

The Hiring Manager and local Human Resources Representative are responsible for reporting to the CFO, any current or prior employee of the Company's external auditing firm, a state



AMERICAN WATER

regulatory agency or consulting firm, who is under serious consideration for employment with the Company.

Divisional Human Resources Directors will provide metrics related to number of vacancies, vacancy rate, time to fill, cost per hire and progress toward Affirmative Action goals, if applicable for the state, region or division.

Corporate Human Resources will provide metrics related to number of vacancies, vacancy rate, time to fill, cost per hire, relocation expenses, agency performance and progress toward Affirmative Action goals, if applicable for all of American Water.

CONSEQUENCE OF NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

WAIVER

Any deviation or waiver from or exception to this policy requires the prior approval of the Senior Vice President of Human Resources, or his or her designee.

REFERENCES

Staffing Practice
Equal Employment Opportunity Policy
Relocation Policy
Internal Job Posting Policy
Internal Job Posting Practice
Records Retention Policy (pending)

DEFINITIONS

Introductory Period.- The introductory period is generally the first 90 to 180 days following the first day in a new position. The length of the introductory period will vary depending upon the level and complexity of the position.

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Indicate: Service Company Board

Original Adopted: September 28, 2007

Revised Adopted: May 30, 2008

Date of Last Review: May 30, 2008

Effective Date: June 30, 2008

Prepared By: Human Resources

Disclaimer



AMERICAN WATER

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Tuition Assistance Policy
Functional Area: Human Resources
Policy Number: hrs_dev_po_02_tuitionassist_2009_01_05

SCOPE

This policy covers all employees of American Water Works Company, Inc. and employees of its regulated subsidiaries ("American Water" or the "Company") employed in the United States.

POLICY STATEMENT

Business Objective

It is the intent of American Water to provide employees with the opportunity to improve or acquire new skills and competencies which will lead to a highly trained, more productive work force, and assists employees with their professional development.

Statement

Consistent with this policy, American Water will advance or reimburse the total cost for tuition, registration and required fees (less any scholarships or other aid received), up to a maximum of \$5,250 per year, for continuing education through an accredited or certified program.

Acceptable accreditation is through any institution or organization that meets GAAP criteria (Generally Accepted Accrediting Principles) and/or ACCET (Accrediting Council for Continuing Education and Training) and/or ACICS (Accrediting Commission for Independent Colleges and Schools). The Bears' Guide to Earning Degrees Nontraditionally can be referenced for further information on accrediting agencies and standards.

Courses and programs need to directly relate to an employee's current position/function or prepare them for development opportunities in other Company functions. If a course or program is not directly related to an employee's current position/function, an explanation will need to be included in the application clearly illustrating how the course or program assists the employee's preparation for development opportunities in a different Company discipline, fulfills a degree/certification requirement (for an approved course of study) or might lead to promotional opportunities with the employee's current discipline or a different company function. Tuition Assistance may be available for:

- College coursework and degrees (undergraduate, graduate, post graduate), including registration fees and course related lab fees;
- Continuing education unit courses;
- Distance learning programs (E-learning, correspondence programs);
- Technical or trade program courses;
- Review courses in preparation for a certification exam;
- Certification exams;
- College-Level Examination Program (CLEP) tests.

The cost of a review course for the same certification exam will be reimbursed by the Company no more than two times.

Employees may enroll for no more than two courses (typically 6-8 credits), or the equivalent, per semester or quarter and may not attend classes and/or study while being paid to be at work,



AMERICAN WATER

unless such arrangement is approved in advance by the Regional or Business Unit head and the local Human Resources Director, or her or his designee.

Employees must maintain satisfactory job performance (based on their supervisor's assessment of work performance) to participate in the program.

Miscellaneous expenses, such as books, parking, supplies, books, social dues, athletic fees, travel expenses, graduation fees (including caps and gowns) and the like are not covered by this policy. Similarly, the cost of college level entrance exams (e.g. GRE, GMAT, etc) and any related college prep courses are also not covered by this policy.

Eligibility for tuition assistance for additional undergraduate, graduate and post graduate degrees (beyond the first of each earned by the employee) will be at the discretion of the Company. This will be based on how the degree program can contribute to the employee's overall effectiveness in their current role or potential developmental opportunities.

Any employee who does not receive a passing grade or it's equivalent (e.g., C or better--Undergraduate, B or better--Graduate) in the course, or who withdraws from the course, must notify Human Resources and will not be eligible for future tuition assistance until full repayment of all costs for that specific course has been received by the Company. When unusual circumstances, such as extended illness or relocation, are considered to have contributed to the failure to satisfactorily complete the course, the Company may, at its sole discretion, waive this requirement. In all instances, it will be up to the employee to notify the educational institution when appropriate, to request the refund of any tuition and/or fees that are due to American Water within 30 days. It will be the employee's responsibility to be familiar with and abide by the deadlines for dropping classes.

If an employee voluntarily terminates employment prior to the completion of the course(s), or within 12 months after completion of the course(s), repayment of tuition and fees for that course(s) will be deducted from the last pay, consistent with any legal requirements. Any remaining balance, not covered by the deduction, is to be paid within 8 weeks after the last day worked. All employees receiving tuition assistance will be required to sign a Tuition Assistance Payback Agreement.

Any employee who reasonably believes that they have been unfairly treated under this policy may appeal any decision relating to tuition assistance to their local Human Resources representative.

MONITORING

The immediate supervisor, and second level supervisor, in consultation with Human Resources, are responsible for approving and monitoring compliance with the policy.

Local Human Resources is responsible for assuring consistent treatment under this policy.

Human Resources, particularly Regional Human Resources, is responsible for compliance monitoring and will provide metrics to the Regional President and Corporate Human Resources regarding the number of employees using the program each quarter and the total dollars spent for each participant.



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REPORTING/METRICS

Corporate Human Resources will provide the American Water Service Company Board with an annual report identifying the number of employees using the program and total dollars spent in the immediately preceding year.

CONSEQUENCE OF NON-COMPLIANCE

An employee who knowingly violates this policy may lose privileges under this program and may be subject to disciplinary action up to and including termination from employment.

WAIVER

Any exceptions to this policy must be reviewed by the Director of Human Resources that supports the Business Unit within which the individual works. If the Human Resources Director deems the waiver request appropriate, he or she must submit the waiver request to the Senior Vice President of Human Resources for review and disposition. Any waiver must be approved by the Senior Vice President of Human Resources, or her or his designee.

REFERENCES

Tuition Assistance Practice
Tuition Assistance Application and Payback Agreement
Education Planning Guide

DEFINITIONS

None

REVIEW/UPDATE

This policy will be reviewed annually.

Approved by:

Service Company Board

Original Adopted: February 8, 2007

Revised Adopted: January 5, 2009

Date of Last Review: January 5, 2009

Effective Date: January 5, 2009

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board (and, if applicable, the executive having authority to approve this policy) has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole

Tuition Assistance Policy
Human Resources
Sponsor: Jerry Crofford

3 of 4
Policy Number: hrs_dev_po_02_tuitionassist_2009_01_09
Date Adopted: January 5, 2009



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discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



Title: Uniformed Service Leave Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_07_userra_2008_09_18

SCOPE

This policy covers all full-time regular and part-time non-union employees of American Water Works Company, Inc. and employees of its controlled regulated and unregulated subsidiaries ("American Water" or the "Company") employed in the United States.

POLICY STATEMENT

Business Objective

The purpose of this policy is to set forth the Company's policy regarding uniformed services leave and to assure fair and consistent treatment of employees, as well as assure compliance with federal or state laws regarding leave for employees in the uniformed services.

Statement

American Water is committed to protecting the job rights of employees absent on uniformed services leave. In accordance with federal and state law, it is the Company's policy that no employee or prospective employee will be subjected to any form of discrimination on the basis of that person's membership in or obligation to perform service for any of the Uniformed Services of the United States. Specifically, no person will be denied employment, re-employment, promotion, or other benefit of employment on the basis of such membership. Furthermore, no person will be subjected to retaliation or adverse employment action because such person has exercised his or her rights under this policy.

Uniformed Services include the Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Service commissioned corps, the reserve components of each of these services, as well as training and service in the Army National Guard and Air National Guard. Questions regarding the Company's Uniformed Service Leave policy, applicable state and federal laws, and continuation of benefits should contact their local Human Resources department.

Temporary (Two-Week) Uniformed Service Leave

Eligible employees who must be absent from their job to participate in temporary uniformed duty are entitled to up to ten days unpaid uniformed leave per year. All benefits will continue during an employee's temporary uniformed leave.

All Other (Extended) Uniformed Service Leave

Employees directed by any of the organizations identified in paragraph two above to participate in extended Uniformed Service duties that exceed ten working days will be placed on a paid leave of absence status for the length of their tour, not to exceed two (2) years and will be eligible for an unpaid leave for a period of as long as three (3) additional years, not to exceed a total of five (5) years of paid and unpaid leave, and will be entitled to the rights and benefits described below, subject to the procedures outlined below. All paid leave shall be reduced by any military pay received.



AMERICAN WATER

Leave Related to Exigency or to Care for a Family Member Injured while on Active Duty

Employees may be eligible for leave under the Company's Family and Medical Leave Policy if a family member is called to active duty or becomes seriously injured or ill while on active military duty. Employees should review the Family and Medical Leave Policy and discuss eligibility with their local Human Resources department.

Benefits Continuation

If an employee is absent from work due to an extended uniformed service requirement, benefits will continue as follows:

1. An employee on extended uniformed leave may elect to continue group health insurance coverage (including dental coverage) for the employee and covered dependents under the same terms and conditions for a period not to exceed 24 months from the date the uniformed leave of absence begins. Each pay period, the employee must pay the premium normally paid by the employee through payroll deduction. After the initial 24 month period, the employee and covered dependents can continue group health insurance under COBRA at 100% of the overall (both employer and employee) premium rate.
2. The group term life and Long-Term Disability insurance provided by the Company will continue for a period not to exceed one (1) year from the date active duty begins. The monthly benefit paid by the LTD plan would be reduced by any military disability pay received from the government
3. Accidental Death and Dismemberment insurance is subject to a war exclusion and no benefits can be paid in the event of death.
4. Employees do not accrue vacation, personal leave or sick leave while on uniformed leave of absence status.
5. An employee on paid extended uniform leave can continue his or her participation in the Company's retirement plans the same as if the employee was at work and the Company will contribute its associated match. With respect to the Company's retirement plan, upon re-employment, the employee will be credited for purposes of vesting with the time spent in unpaid uniformed service leave and will be treated as not having incurred a break in service consistent with the requirements of both the Uniformed Service Employment and Reemployment Rights Act (USERRA) and the Employee Retirement Income Security Act (ERISA). In addition, immediately upon re-employment, the employee may, at the employee's election, make any or all employee contributions that the employee would have been eligible to make had the employee's employment not been interrupted by unpaid uniformed service leave. Such contributions must be made within a period that begins with the employee's re-employment and that is not greater in duration than three times the length of the employee's uniformed service or (5) years consistent with the Employee Retirement and Income Security Act (ERISA). The employees will receive all associated Company match for his or her contributions.
6. Voluntary supplemental life/AD&D insurance will terminate the day the employee becomes active in uniformed service. An employee may choose to convert to an individual policy and continue voluntary dependent life insurance coverage. To exercise this conversion option, dependents must submit a written application and the first



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premium payment within 31 days immediately following the termination of coverage to the Employee Benefits Center.

7. Loan repayments will continue to be deducted from an employee's paycheck as long as the employee is receiving a full pay (employer pay plus military pay).

8. Employees covered by this policy who are currently on active duty and whose active duty began prior to the approval of this policy, will be grandfathered into this policy upon approval of this policy

Reporting Back to Work

If the employee's uniformed service is 30 days or less the employee must report back to work by the beginning of the first regularly scheduled work day that falls eight (8) hours after the calendar day of the employee's release from active uniformed service. However, if the employee's uniformed service extends beyond 30 days, the employee is expected to make an application for re-employment.

Upon an employee's prompt application for re-employment, an employee will be reinstated to employment in the following manner depending upon the employee's period of uniformed service:

1. Less than 91 days of uniformed service - (i) in a position that the employee would have attained if employment had not been interrupted by uniformed service; or (ii) if found not qualified for such position after reasonable efforts by the Company, in the position in which the employee had been employed prior to uniformed service.

2. More than 90 days and less than 5 years of uniformed service - (i) in a position that the employee would have attained if employment had not been interrupted by uniformed service or a position of like seniority, status and pay, with duties the employee is qualified to perform; or (ii) if proved not qualified after reasonable efforts by the Company, in the position the employee left, or a position of like seniority, status and pay and duties the employee is qualified to perform.

3. Employee with a service-connected disability - if after reasonable accommodation efforts by the Company, an employee with a service-connected disability is not qualified for employment in the position he or she would have attained or in the position that he or she left, the employee will be employed in (i) any other position of similar seniority, status and pay for which the employee is qualified or could become qualified with reasonable efforts by the Company; or (ii) if no such position exists, in the nearest approximation consistent with the circumstances of the employee's situation.

Exceptions to Re-Employment

In addition to the employee's failure to apply for re-employment in a timely manner, as defined in the Uniformed Service Leave Practice, an employee may not be entitled to reinstatement as described above if any of the following conditions exist:

1. The Company's circumstances have so changed as to make re-employment impossible or unreasonable;



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2. The employee's employment prior to the uniformed service was merely for a brief, non-recurrent period and there was no reasonable expectation that the employment would have continued indefinitely or for a significant period; or,
3. The employee did not receive an honorable discharge from uniformed service.

General Benefits upon Re-Employment

Employees re-employed following uniformed service leave will receive seniority and other benefits determined by seniority that the employee had at the beginning of the uniformed service leave, plus any additional seniority and benefits the employee would have attained, with reasonable certainty, had the individual remained continuously employed. In addition, an employee's time spent on active uniformed duty will be counted toward their eligibility for FMLA leave once they return to their job at American Water.

Documentation

An employee's manager, will, upon the employee's reapplication for employment, request that the employee provide the Company with discharge documentation that establishes the timeliness of the application for re-employment and length and character of the employee's uniformed service.

Reporting Alleged Violations of this Policy

If any employee believes that he or she has been subjected to discrimination in violation of this policy, the employee should immediately contact his or her local Human Resources department.

MONITORING

All employees are responsible for assuring their own actions are in compliance with this policy.

The immediate supervisor and local Human Resources are responsible for approving and monitoring compliance with the policy.

REPORTING/METRICS

Local Human Resources will track and report to the Regional President annually the number of employees currently out on uniformed services leave and any disciplinary actions under this policy.

CONSEQUENCE OF NON-COMPLIANCE

Employees who knowingly violate this policy may lose their eligibility for uniformed services leave, eligibility for benefits continuation and/or the right to re-employment and may also be subject to disciplinary action up to and including termination from employment.

WAIVER

Any exceptions to this policy must be approved in advance by the Senior Vice President of Human Resources, or her or his designee.

REFERENCES

Uniformed Service Leave Practice

Uniformed Services Leave
Human Resources
Frank Jackson

4 of 5
Policy Number hrs_stf_po_07_userra_2008_09_18
Date Adopted: September 18, 2008



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Uniformed Services Employment and Reemployment Rights Act
Employee Retirement and Income Security Act
Leave of Absence Form
Separation of Employment Policy
Separation of Practice

DEFINITIONS

Application for Reemployment – For purposes of this policy only, an application for reemployment shall include a signed and dated letter from the employee requesting re-employment, documentation that the employee has not exceeded the five-year service limitation and documentation that the employee's separation from service was other than disqualifying under § 4304 of the Uniformed Services Employment and Reemployment Rights Act (USERRA).

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Indicate: Service Company Board

Original Adopted: November 16, 2007

Revised Adopted: September 18, 2008

Date of Last Review: September 18, 2008

Effective Date: September 18, 2008

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein



Title: Violence Free Workplace Policy
Functional Area: Human Resources
Policy Number: hrs_emp_po_03_violencefree_2007_06_15

POLICY STATEMENT

Business Objective

It is the intent of American Water to provide our employees a workplace that is safe and minimizes the risk of violence.

Statement

American Water expects all employees to treat co-workers, vendors, customers and visitors with courtesy and respect. Conduct that may expose an individual to unnecessary harm, including, but certainly not limited to horseplay, fighting, taunting and any similar behavior is prohibited. Making threats and/or attempting to intimidate or coerce a co-worker, vendor, customer or visitor is also prohibited. All threats or acts of violence, even if occurring off the Company's premises, involving anyone who is acting in the capacity of a Company representative is also prohibited. Similarly, firearms, weapons or any other hazardous or dangerous devices or substances are also prohibited from any Company premises except as otherwise required by law.

SCOPE

This policy covers all employees of American Water Works Company, Inc. and employees of its controlled regulated and unregulated subsidiaries ("American Water" or the "Company") employed in the United States.

MONITORING

It is the responsibility of every employee and supervisor to monitor this compliance with this policy and report any non-compliance.

REPORTING/METRICS

Local Human Resources will track all violations of this policy and report metrics to Corporate Human resources on a quarterly basis.
Corporate Human Resources will report all violations of this policy and report metrics to the Board on an annual basis.

CONSEQUENCE OF NON-COMPLIANCE

Violations of this policy may subject the employee to disciplinary action, up to and including termination from employment. Although the Company's ability to discipline individuals who are not employees (e.g. customer, vendor or visitor) is limited by the degree of control, if any, that the Company has over those individuals, appropriate action will be taken.

WAIVER

There are no waivers under this policy



REFERENCES

American Water Code of Ethics
Workplace Conduct and Behavior Policy
Workplace Conduct and Behavior Practice

DEFINITIONS

Company Premises – “Company premises” includes anything owned, leased, or rented by the Company, including property, buildings, equipment, vehicles, work sites and parking lots. The Company reserves the right to search any vehicle, personal property or person, consistent with the Search and Inspection policy.

REVIEW/UPDATE

This policy shall be reviewed every 3 years.

Approved by:

Service Company Board

Original Adopted: November 2, 2006

Revised Adopted:

Date of Last Review: June 15, 2007

Effective Date: June 15, 2007

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is “at-will”. That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.



AMERICAN WATER

Title: Workplace Conduct and Behavior Policy
Functional Area: Human Resources
Policy Number: hrs_emp_po_10_wrkplaceconduct_2007_07_06

POLICY STATEMENT

Business Objective

It is the intent of American Water that its employees maintain a working environment that encourages mutual respect among employees and is free from all forms of harassment and violence.

Statement

Employees are expected to conduct themselves in a professional and appropriate manner, consistent with American Water policies. Employees should be able to conduct their work without disorderly or undue interference from other employees.

Employees are responsible for assuring the security of Company confidential/proprietary material in their possession and similarly maintaining the security of Company-provided equipment. Employees concerned for the security of their work area or equipment must inform their supervisor of such concerns.

Employees are responsible for complying with the American Water Code of Ethics. Employees who observe or have knowledge of any violations of the Code of Ethics must report it.

Employees are expected to abide by all Company policies, whether corporate or local, as well as all legal and regulatory requirements. The Company may determine and apply whatever corrective action it deems appropriate, up to and including termination from employment, for inappropriate conduct, policy violations or other performance related matters. General disciplinary guidelines are defined in the Workplace Conduct and Behavior Practice. However, depending on the nature of the infraction, the Company, at its sole discretion, may use any of the following levels of corrective action as it deems appropriate, including, but not limited to:

- Coaching or counseling,
- Written warning,
- Final Warning,
- Suspension with or without pay,
- Termination

When conduct, policy violations or other performance related matters warrant corrective action, supervisors should consult their department manager and/or Human Resources to determine appropriate corrective action.

Prior discipline will only be considered in future disciplinary matters as appropriate and/or in accordance with the terms of an applicable Collective bargaining Agreement.

The Company reserves the right, at its sole discretion, to either waive, lessen or increase the penalty depending on the circumstances involved.



AMERICAN WATER

SCOPE

Except as stated otherwise in respective collective bargaining agreements, this policy covers all employees of American Water Works Company, Inc. and employees of its controlled regulated subsidiaries, , including, for purposes of this policy, American Water Works Service Company, Inc. (together “American Water” or the “Company”).

MONITORING

Employees are responsible for their own conduct, for being aware of Company policy regarding behavior and for compliance with all Company policies and directives.

Supervisors, in consultation with Human Resources, are responsible for administering this policy.

Local Human Resources are responsible for assuring compliance with this policy.

REPORTING/METRICS

There are no reporting requirements.

CONSEQUENCE OF NON-COMPLIANCE

Violations of this or any related policy may result in a disciplinary action up to and including termination.

WAIVER

There are no waivers under this policy.

REFERENCES

[Code of Ethics](#)
[Violence Free Workplace Policy](#)
[Harassment Free Workplace Policy](#)
[Drug and Alcohol Free Workplace Policy](#)
[Workplace Conduct and Behavior Practice](#)

DEFINITIONS

None

REVIEW/UPDATE

This policy will be reviewed every 3 years.

Approved by:

Service Company Board

Original Adopted: February 8, 2007

Revised Adopted:

Date of Last Review: July 6, 2007

Effective Date: July 6, 2007

Workplace Conduct and Behavior Policy
Human Resources
Robert McKeage

2 of 3
Policy Number:hrs_emp_po_10_wrkplaceconduct_2007_07_06
Date Adopted:July 6, 2007



AMERICAN WATER

Prepared By: Human Resources

Disclaimer

American Water reserves the right to change, revise or discontinue this Policy for any reason whatsoever. No employee, manager or other agent of American Water, other than the Service Company Board has the authority to enter into any agreement contrary to this Policy.

This policy is not intended to create any contractual rights or duties and will be applied at the Company's sole discretion.

Employment with the Company is "at-will". That means that either you or the Company can terminate employment at any time, for any reason or no reason at all, with or without cause or notice.

Neither this policy nor any oral statement will create a right of continued employment. Any employment contract must be in writing and must be signed by the President of American Water, or his or her designee.

This Policy supersedes and voids all previous policies and practices, which may be inconsistent in any way with that stated herein.

APPENDIX B

LAW OFFICES
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March 17, 2010

James J. McNulty, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
400 North Street
P.O. Box 3265
Harrisburg, PA 17106-3265

ORIGINAL

M-00940557

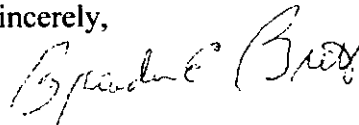
Re: The Newtown Artesian Water Company/Diversity Report

Dear Mr. McNulty:

Enclosed please find three (3) copies of the Report on Diversity to the Public Utility Commission for 2009 of the Newtown Artesian Water Company.

If you have any questions, please do not hesitate to contact me.

Sincerely,



BRENDEN E. BRETT

BEB:mtk
cc with enclosure via e-mail
Thomas Niesen, Esquire
R. Scott Hughes, P.E.
cc with enclosure via hand delivery
George Forsyth, Jr., General Manager
E. Anne Jones, Secretary

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SECRETARY'S BUREAU

REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

ORIGINAL

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NEWTOWN ARTESIAN
WATER COMPANY

2009

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REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

NEWTOWN ARTESIAN
WATER COMPANY

2009

ABOUT THE NEWTOWN ARTESIAN WATER COMPANY

The Newtown Artesian Water Company was incorporated in 1888 by a group of local Citizens. The Company started out with two wells in 1888. Between 1965 and 1975, the Water Company, entered into a period of relatively rapid growth. By late 1973, the Company had received inquiries from a number of developers concerning the availability of water service to meet the needs of many proposed residential housing developments. The Company, through the incorporation of its wholly owned subsidiary, Indian Rock Water Company, immediately took the necessary steps to assure that water service would be available for the new developments. Indian Rock Water Company was merged back into Newtown Artesian Water Company on April 2, 1992.

As of December 31, 2009, Newtown Artesian Water Company served 9,916 customers in Newtown Borough, Newtown Township and the northern portion of Middletown Township. The service areas are served through an integrated water supply system owned and operated by the Water Company

A water utility is somewhat different from ordinary businesses. We are obligated to serve our customers with water twenty-four (24) hours a day each and every day of the year. We must be available to handle emergencies as they arise in an effort to provide continuous service to all our customers. In addition, we are governed and regulated by various government agencies such as the State Department of Environmental Resources and the Pennsylvania Public Utility Commission.

ORGANIZATION

The Chief Operating Officer/General Manager, reporting to the Board of Directors, is in charge of all phases of the operation of the Newtown Artesian Water Company. Reporting to him are the Office Controller, who is responsible for the management of the office personnel, and the Superintendent, who is responsible for the management of the "outside" personnel, including the foreman.

Questions and matters relating to wages, welfare, benefits and working conditions should be addressed to the employee's immediate supervisor, who, if necessary, will take the matter to a higher level for determination.

DESCRIPTION OF SERVICE TERRITORY

The Newtown Artesian Water Company is a public water utility serving water to customers in Bucks County, Pennsylvania. Our customers are located in Newtown Borough, Newtown Township and Middletown Township.

REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

HUMAN RESOURCES SECTION

NEWTOWN ARTESIAN
WATER COMPANY

2009

NEWTOWN ARTESIAN WATER COMPANY

DIVERSITY POLICY STATEMENT

The Newtown Artesian Water Company recognizes that continued success in meeting the needs of our customers requires the full and active participation of talented and committed individuals regardless of their gender, race, ethnic origin, disabilities, age, or sexual orientation. By fostering an atmosphere of acceptance and support, we can begin to value and appreciate the strengths afforded by the differences, styles, ideas, and organizational contributions of each person.

We will achieve the ultimate goal of workplace diversity when Newtown Artesian Water Company enhances its ability to recruit, retain, and tap the full potential of employees at all levels and is diverse enough to:

- 1) reflect the population and socioeconomic circumstances of Newtown Artesian Water Company's customers; and
- 2) eliminate biases that may be in the workforce.

Diversity complements the other organizational values of teamwork, leadership, empowerment and service quality. It encompasses the way we work, the work environment, and respect for people and ideas. Diversity includes everyone and everything. While its primary focus may often revolve around issues of previous discrimination based on race and gender, we can neither define nor limit diversity solely by these factors.

Diversity extends to age, personal and work history, education, function, and personality-including lifestyle, sexual orientation, geographic origin, tenure with the organization, merit or nonmerit status, and management or nonmanagement position. It also encompasses varying management styles and ways of thinking, leadership abilities, skill levels, experiences, viewpoints, expression of thoughts and differing ways of delivering services provided there is consistency in the values we share.

Diversity is inclusion. It stresses equal opportunity, recognizes and respects the multitude of differences that employees bring to the workplace, and acknowledges the changing "face" of the community we serve. The affirmation of diversity and full cooperation by all managers, supervisors, and employees is expected.

The Newtown Artesian Water Company has operated for many years under the premise of providing employment opportunities to all persons. The Company makes every effort possible to comply with the requirements of an equal opportunity employer, even though a formal Affirmative Action Plan is not required due to its employment level. The Company's efforts are part of its recognition, many years ago, that it was the proper thing to do to provide equal employment opportunities to all qualified persons.

The Company has in place a general policy promoting equal employment opportunity, including employees with disabilities, as well as a general policy regarding job discrimination and sexual harassment which are set forth herein.

Recruiting

Due to the Company's turnover being relatively low, the need to recruit personnel occurs very infrequently. It is the Company's policy to hire personnel that are qualified for any open position. Many of the positions with the Company require personnel that have technical skills that are specific to a water utility.

Advertising

Advertising for personnel occurs in the local newspapers. The Company makes every effort to recruit and employ qualified minorities, females, and disabled men or women for all categories of employment.

All advertisements for employment will contain the notice that the Newtown Artesian Water Company is an equal opportunity employer and that it does not discriminate on the basis of race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran's status.

Training

Training, if necessary, is provided to all employees regardless of race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran's status.

The Company as previously mentioned has in place a general policy promoting equal employment opportunity for all employees. This policy is hereinafter set forth.

Promotion

The Company encourages all employees to excel at their positions and to work towards advancing within their chosen career, without regard to race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran's status.

In addition, all promotions within the Company occur without regard to race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran's status.

Retention

The Newtown Artesian Water Company is a small company with a stable full-time workforce of 12 employees and 2 part-time employee. The average age of all employees is 54 years. The average length of service is approximately 16-1/2 years.

**NEWTOWN ARTESIAN WATER COMPANY
WORK FORCE COMPOSITION**

2009

OCCUPATION TITLE	BLACK	HISPANIC	WHITE	OTHER	TOTAL	FEMALE
SUPERVISORY			2		2	1
GEORGE FORSYTH JR. ANNE JONES						
OFFICERS			2		2	
RICHARD B. TOMLINSON DONALD P. SMITH						
ASST. OFFICE MNGR.			1		1	1
NANCY I. FAIST						
ACCT. RECEIVABLE CLERK			2		2	1
MARGARET HIBBS JAMIE P. CLARK						
ASST. SUPERINTENDENT			1		1	
PATRICK S. FOSTER						
LABOR			6		6	
ERIC J. ECKHART MICHAEL HILL LINDSAY LUFF ALBERT JONES NICHOLAS W. WEAVER GEORGE FORSYTH SR. (PART-TIME)						
TOTALS	0	0	14	0	14	3



DP-3. Profile of Selected Economic Characteristics: 2000
 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
 Geographic Area: Bucks County, Pennsylvania

NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/datnotes/expsf3.htm>.

Subject	Number	Percent
EMPLOYMENT STATUS		
Population 16 years and over	481,358	100.0
In labor force	320,110	69.4
Civilian labor force	319,409	69.2
Employed	308,281	66.8
Unemployed	11,128	2.4
Percent of civilian labor force	3.5	(X)
Armed Forces	701	0.2
Not in labor force	141,246	30.6
Females 16 years and over		
Population 16 years and over	238,411	100.0
In labor force	146,634	61.5
Civilian labor force	146,526	61.5
Employed	141,776	59.5
Own children under 6 years		
Population 16 years and over	46,140	100.0
All parents in family in labor force	27,502	59.6
COMMUTING TO WORK		
Workers 16 years and over	303,586	100.0
Car, truck, or van -- drove alone	251,994	83.0
Car, truck, or van -- carpoled	25,277	8.3
Public transportation (including taxicab)	8,485	2.8
Walked	5,079	1.7
Other means	1,959	0.6
Worked at home	10,792	3.6
Mean travel time to work (minutes)	28.6	(X)
Employed civilian population 16 years and over		
Population 16 years and over	308,281	100.0
OCCUPATION		
Management, professional, and related occupations	118,482	38.4
Service occupations	32,973	10.7
Sales and office occupations	91,460	29.7
Farming, fishing, and forestry occupations	559	0.2
Construction, extraction, and maintenance occupations	27,802	9.0
Production, transportation, and material moving occupations	37,005	12.0
INDUSTRY		
Agriculture, forestry, fishing and hunting, and mining	1,465	0.5
Construction	22,150	7.2
Manufacturing	47,835	15.5
Wholesale trade	14,145	4.6
Retail trade	41,045	13.3
Transportation and warehousing, and utilities	12,064	3.9
Information	9,590	3.1
Finance, insurance, real estate, and rental and leasing	25,983	8.4
Professional, scientific, management, administrative, and waste management services	33,031	10.7
Educational, health and social services	60,286	19.6
Arts, entertainment, recreation, accommodation and food services	16,522	5.4
Other services (except public administration)	13,850	4.5
Public administration	10,315	3.3
CLASS OF WORKER		

Subject	Number	Percent
Private wage and salary workers	261,025	84.7
Government workers	28,378	9.2
Self-employed workers in own not incorporated business	18,183	5.9
Unpaid family workers	695	0.2
INCOME IN 1999		
Households	218,773	100.0
Less than \$10,000	9,443	4.3
\$10,000 to \$14,999	7,909	3.6
\$15,000 to \$24,999	17,651	8.1
\$25,000 to \$34,999	21,109	9.6
\$35,000 to \$49,999	32,515	14.9
\$50,000 to \$74,999	49,834	22.8
\$75,000 to \$99,999	32,980	15.1
\$100,000 to \$149,999	29,982	13.7
\$150,000 to \$199,999	9,175	4.2
\$200,000 or more	8,175	3.7
Median household income (dollars)	59,727	(X)
With earnings	185,082	84.6
Mean earnings (dollars)	73,968	(X)
With Social Security income	54,017	24.7
Mean Social Security income (dollars)	12,766	(X)
With Supplemental Security Income	5,879	2.7
Mean Supplemental Security Income (dollars)	7,214	(X)
With public assistance income	3,070	1.4
Mean public assistance income (dollars)	3,210	(X)
With retirement income	37,494	17.1
Mean retirement income (dollars)	16,244	(X)
Families	161,840	100.0
Less than \$10,000	3,457	2.1
\$10,000 to \$14,999	2,618	1.6
\$15,000 to \$24,999	9,048	5.6
\$25,000 to \$34,999	12,380	7.6
\$35,000 to \$49,999	22,484	13.9
\$50,000 to \$74,999	40,429	25.0
\$75,000 to \$99,999	28,883	17.8
\$100,000 to \$149,999	26,852	16.6
\$150,000 to \$199,999	8,292	5.1
\$200,000 or more	7,397	4.6
Median family income (dollars)	68,727	(X)
Per capita income (dollars)	27,430	(X)
Median earnings (dollars):		
Male full-time, year-round workers	46,587	(X)
Female full-time, year-round workers	31,984	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	5,076	(X)
Percent below poverty level	(X)	3.1
With related children under 18 years	3,430	(X)
Percent below poverty level	(X)	4.2
With related children under 5 years	1,597	(X)
Percent below poverty level	(X)	5.3
Families with female householder, no husband present	2,113	(X)
Percent below poverty level	(X)	11.3
With related children under 18 years	1,895	(X)
Percent below poverty level	(X)	17.3
With related children under 5 years	825	(X)
Percent below poverty level	(X)	26.4
Individuals	26,582	(X)
Percent below poverty level	(X)	4.5
18 years and over	18,900	(X)
Percent below poverty level	(X)	4.3
65 years and over	3,861	(X)

Subject	Number	Percent
Percent below poverty level	(X)	5.5
Related children under 18 years	7,234	(X)
Percent below poverty level	(X)	4.8
Related children 5 to 17 years	5,127	(X)
Percent below poverty level	(X)	4.5
Unrelated individuals 15 years and over	10,383	(X)
Percent below poverty level	(X)	13.5

(X) Not applicable.

[Detailed Occupation Code List \(PDF 42KB\)](#)

[Detailed Industry Code List \(PDF 44KB\)](#)

[User note on employment status data \(PDF 63KB\)](#)

Source: U.S. Census Bureau, Census 2000 Summary File 3, Matrices P30, P32, P33, P43, P46, P49, P50, P51, P52, P53, P58, P62, P63, P64, P65, P67, P71, P72, P73, P74, P76, P77, P82, P87, P90, PCT47, PCT52, and PCT53

Table 2a: OCCUPATION OF THE EXPERIENCED CIVILIAN LABOR FORCE BY SEX AND MINORITY, 2000
EEO-1 JOB CATEGORIES

Bucks																
Census Code	Occupation Title	Total	Female		White		Black		Hispanic		Asian		Other		Two or more races	
			Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
0	Total Civilian Labor Force	319,466	148,838	46.6	263,850	82.6	8,794	2.8	8,649	2.7	7,118	2.2	424	0.1	2,881	0.9
1	Officials and Managers	44,215	15,235	34.5	41,520	93.9	885	2.0	435	1.0	970	2.2	54	0.1	344	0.8
2	Professionals	66,945	35,265	52.7	61,360	91.7	1,405	2.1	1,030	1.5	2,585	3.9	75	0.1	485	0.7
3	Technicians	7,085	3,983	56.2	6,580	92.9	265	3.7	110	1.6	70	1.0	14	0.2	37	0.5
4	Sales Workers	41,495	18,640	44.9	38,650	93.1	910	2.2	670	1.6	975	2.3	55	0.1	245	0.6
5	Administrative Support Workers	56,365	43,329	76.9	52,640	93.4	1,750	3.1	865	1.5	800	1.1	20	0.0	493	0.9
6	Craft Workers	31,090	1,400	4.5	29,380	94.5	455	1.5	755	2.4	270	0.9	75	0.2	180	0.5
7	Operatives	28,545	7,079	24.8	25,120	88.0	1,120	3.9	925	3.2	1,075	3.8	64	0.2	233	0.8
8	Laborers and Helpers	10,230	1,445	14.1	9,015	88.1	330	3.2	605	5.9	85	0.9	30	0.3	154	1.5
9	Service Workers	32,180	19,400	60.3	28,520	88.7	1,605	5.0	1,185	3.7	425	1.3	35	0.1	390	1.2
none	Unemployed, with no work experience since 1995	1,275	750	58.8	1,065	83.5	70	5.5	69	5.4	50	3.9	4	0.3	10	0.8

Notes: Data will not add due to rounding.
Hispanics who are White, Black, Asian or Other are counted as Hispanics only. Data by race will add to total.
Other includes Native Americans/Alaskan Natives and Native Hawaiian/Other Pacific Islander.

**TABLE 1
BUCKS COUNTY**

**LABOR FORCE CHARACTERISTICS
EMPLOYMENT AND UNEMPLOYMENT BY SEX, AGE, MINORITY, AND VETERAN STATUS
ANNUAL AVERAGE 2003**

	Sex, Age, Minority and Veteran Status	Labor Force	Employed	Unemployed	Percent Distribution			Unemploy- ment Rate
					Labor Force	Employed	Unemployed	
BOTH SEXES								
1.	Total	337,275	321,600	15,675	100.0	100.0	100.0	4.6
2.	White	318,275	304,100	14,200	94.4	94.6	90.5	4.5
3.	Black	7,875	7,150	725	2.3	2.2	4.6	9.2
4.	Other Races	11,125	10,375	750	3.3	3.2	4.8	6.8
5.	Hispanic 1/	8,325	7,700	650	2.5	2.4	4.1	7.7
6.	Minority Group 2/	27,350	25,200	2,125	8.1	7.8	13.6	7.8
7.	Total Veteran	28,150	26,575	1,575	8.3	8.3	10.0	5.6
8.	Vietnam-Era 3/	13,125	12,225	900	3.9	3.8	5.7	6.8
AGE								
9.	16 to 19 years	14,900	12,475	2,425	4.4	3.9	15.5	16.3
10.	20 to 21 years	9,825	8,675	1,150	2.9	2.7	7.3	11.7
FEMALE								
11.	Total	155,400	148,650	6,775	100.0	100.0	100.0	4.4
12.	Percent of both sexes	46.1	46.2	43.2	—	—	—	—
13.	White	146,650	140,525	6,125	94.4	94.5	90.5	4.2
14.	Black	4,050	3,725	325	2.6	2.5	4.8	8.1
15.	Other Races	4,725	4,400	325	3.0	3.0	4.6	6.7
16.	Hispanic 1/	3,550	3,300	275	2.3	2.2	3.9	7.5
17.	Minority Group 2/	12,325	11,400	900	7.9	7.7	13.4	7.4
MALE								
18.	Total	181,875	172,975	8,900	100.0	100.0	100.0	4.9
19.	Percent of both sexes	53.9	53.8	56.8	—	—	—	—
20.	White	171,625	163,575	8,050	94.4	94.6	90.5	4.7
21.	Black	3,825	3,425	400	2.1	2.0	4.5	10.4
22.	Other Races	6,400	5,975	450	3.5	3.5	5.0	6.9
23.	Hispanic 1/	4,775	4,400	375	2.6	2.5	4.2	7.9
24.	Minority Group 2/	15,025	13,800	1,225	8.3	8.0	13.7	8.1

1/ Hispanic persons are of Mexican, Puerto Rican, Cuban, Central or South American or some other Spanish origin.

2/ Sum of black, other races, and Hispanic. Some duplication is possible, since Hispanics may include nonwhite races.

3/ Vietnam-Era veterans are those who served between August 5, 1964 and May 7, 1975.

All data on 2003 benchmarks. Data may not add due to rounding.

*** Do not meet publication criteria.

**EMPLOYMENT POLICY WITH REGARD TO
EQUAL EMPLOYMENT OPPORTUNITY, PERSON WITH DISABILITIES
AND JOB DISCRIMINATION AND SEXUAL HARASSMENT**

The Water Company strives to maintain a working force of well-trained and efficient men and women. Therefore, it is the Company's policy to hire persons qualified to meet the physical and mental requirements of their jobs which, in turn, will provide them with productive and rewarding work. Each employee is compensated based upon the quality of the work performed, value to the Water Company and seniority with the Water Company.

EQUAL EMPLOYMENT OPPORTUNITY

At all times, the Water Company gives fair and reasonable consideration to any applicant or employee regardless of race, color, creed, religion, age, sex, national origin, ancestry, disability or any other legally protected status in accordance with applicable local, state, and federal laws.

ACCOMMODATIONS FOR PERSONS WITH DISABILITIES

The Americans with Disability Act (ADA) was signed into law on July 26, 1990. The ADA provides a uniform nationwide standard of rights for individuals with disabilities which include the right to fair treatment in employment, public accommodations, transportation, public service and telecommunication. Additional information on ADA can be obtained by contacting The Equal Employment Opportunity Commission at (800) 669-3362 or (800) 949-4232.

In accordance with Title I of the Americans with Disabilities Act, we do not discriminate in employment against qualified individuals with disabilities. A qualified individual is one who meets the skill, education and other requirements of an employment position and who can perform essential functions of the position with or without reasonable accommodations.

JOB DISCRIMINATION AND SEXUAL HARASSMENT

The Water Company is committed to maintaining a work environment that is free of discrimination. In keeping with this commitment, we will not tolerate harassment of the Water Company employees by anyone, including any supervisor, manager, co-worker, vendor, client, contractor, customer or other visitor of the Water Company.

Harassment consists of unwelcome conduct, whether verbal, physical, or visual, that is based upon a person's protected status, such as sex, color, race, ancestry, national origin, age, disability, or other legally protected group status. The Water Company will not tolerate harassing conduct that affects tangible job benefits, that interferes unreasonably with an individual's work performance, or that creates an intimidating, hostile, or offensive working

environment. Such harassment may include, for example, jokes about another person's protected status, kidding, teasing or practical jokes directed at a person based on his or her protected status.

The prohibited conduct also includes: (a) epithets, slurs, negative stereotyping, or intimidating acts that are based on a person's protected status; and (b) written or graphic material circulated within or posted within the workplace that shows hostility toward a person or persons because of their protected status.

Sexual harassment deserves special attention. Unwelcome sexual advances, requests for sexual favors, and other physical, verbal, or visual conduct based on sex constitute sexual harassment when (1) submission to the conduct is an explicit or implicit term or condition of employment, (2) submission to or rejection of the conduct is used as the basis for an employment decision, or (3) the conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. Sexual harassment is conduct based on sex, whether directed towards a person of the opposite or same sex, and may include explicit sexual propositions, sexual innuendo, suggestive comments, sexually oriented "kidding" or "teasing," "practical jokes," jokes about obscene printed or visual material, and physical contact such as patting, pinching or brushing against another person's body.

All the Water Company employees are responsible to help assure that we avoid harassment. If you feel that you have experienced or witnessed harassment, you are to immediately notify your supervisor or any other member of the Water Company management. The Water Company forbids retaliation against anyone for reporting harassment, assisting in making a harassment complaint, or cooperating in a harassment investigation. If you feel you have been retaliated against, you are to notify your supervisor.

The Water Company will investigate all complaints of harassment thoroughly and promptly. To the fullest extent practicable, the Water Company will keep complaints and the terms of their resolution confidential. If an investigation confirms that a violation of this policy has occurred, the Water Company will take appropriate, corrective action including discipline up to and including immediate termination of employment.

REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

PROCUREMENT SECTION

NEWTOWN ARTESIAN
WATER COMPANY

2009

Newtown Artesian Water Company

DIVERSITY IN PROCUREMENT

The Newtown Artesian Water Company believes that diversity in procurement is a vital necessity to provide for the long-term needs of our operations and our customers. Diversity maximizes the number of vendors available to support our operations and provide us with needed services.

A “diverse” supplier is defined as a company that is at least 51% minority-owned, women-owned, or persons with disabilities-owned. Diverse suppliers should be certified by third parties regarding their status; however, self certified diverse suppliers will also be accepted. Businesses that have persons with disabilities as a major portion of their labor will also be accepted. Diverse suppliers must be located within our geographic area such that their goods and services can be provided to the Newtown Artesian Water Company at a competitive price. The diverse suppliers must also be technically capable of providing the required good or service so that our customers get the best product at the best price.

The Newtown Artesian Water Company strives to provide our customers with the best possible quality water and service at a reasonable price. We feel that we can accomplish this goal while promoting diversity in the procurement process.

It is our intent to encourage diverse businesses to provide proposals when the company is purchasing materials or services. The Newtown Artesian Water Company will strive to maintain records of diverse companies that can provide us with the goods and services that we require. Employees with purchasing responsibilities are encouraged to seek information on the presence and capabilities of diverse companies within our buying sphere.

NEWTOWN ARTESIAN
WATER COMPANY
CODE OF ETHICS

Introduction: General Policies & Guidelines on Legal and Ethical Standards

The maintenance of extremely high standards of honesty, integrity, impartiality, and conduct is essential to assure the proper performance of the Company's business and the maintenance of the public's trust. The preservation of that trust and of the Company's reputation requires close observance of these standards on the part of Board of Directors, Officers, and Employees.

VIOLATIONS OF THE PROVISIONS OF THIS CODE MAY RESULT IN TERMINATION OF EMPLOYMENT AS A DIRECTOR, OFFICER OR EMPLOYEE OF THIS INSTITUTION.

The Newtown Artesian Water Company requires that its Directors, Officers, Employees, and other representatives avoid possible misconduct and conflicts of interest through informed judgment and careful regard for the standards of conduct and responsibilities as set forth. In all situations, including those where there are no applicable legal principles or the law is unclear or in conflict, Directors, Officers, and Employees are expected to conduct themselves in such a manner that can be supported by the Company and to exercise good judgment in the discharge of their responsibilities.

Compliance with the Code of Ethics (the "Code") will be the responsibility of every Director, Officer and Employee of the Company.

The needs of the community are to be given consideration in making business decisions.

Confidential Information

Officers and employees of the Company are in daily contact with and have access to confidential and privileged information about customers, stockholders, directors, officers, other employees and the Company. All information, whether written, electronic, or verbal, is considered confidential and proprietary (Company property). All documents, research, and reports generated by you, for a company purpose, are considered confidential and proprietary. All internal memos, policies, procedures, manuals, reports and information, are considered confidential and proprietary.

Being in such a position of trust, it is imperative that such information never be divulged or otherwise improperly used by staff members. Releasing information can be detrimental to the Company. Strict adherence to the Company's Privacy Policy will be required. Violation of the confidentiality of information can be cause for dismissal or other disciplinary action.

The Company will provide training and confidential information relating to the Company's business to Directors, Officers and employees in order to further the proper conduct of the Company's business.

Confidential information may include, among other things Company procedures, data bases, customer names and information, marketing plans and strategies, fee policies, names of vendors, professional, technical and administrative manuals, associated forms, processes, computer software and other methods of conducting business.

The use of confidential information obtained through or as a consequence of employment in the Company must be limited to the proper conduct of the Company's business. Neither the Company nor any of its Directors, Officers or Employees while employed or at anytime thereafter may use or permit others to use such confidential information for the purpose of furthering a private interest or as a means of making a profit.

Conflict of Interest

A. Corporate Policy

It is the policy of the Company that all Directors, Officers, Employees, and other representatives must avoid real, potential or perceived conflicts of interest. A real or potential conflict exists whenever a Director, Officer, Employee, or other representative has an outside interest-direct or indirect-which conflicts with the individual's duty to the Company or adversely affects the individual's judgment in the discharge of his responsibilities at the Company. The perception of a conflict of interest may be just as damaging to the Company's reputation as a real conflict. All officers and employees are prohibited from self-dealing or otherwise trading on their positions with the Company or accepting from one doing or seeking to do business with the Company a business opportunity not available to other persons or that is made available because of such official's positions with the Company. The Company's name is not to be used as leverage by Directors, Officers, or Employees to enhance their own opportunities when dealing with others in their political, investment, or retail purchasing activities.

All Officers and Employees must report any violations or suspected violations as soon as it is discovered to Brenden E. Brett, the Company's attorney.

In the event a potential conflict of interest does arise involving an Officer or Employee, its nature and extent should be fully disclosed immediately to the Company's attorney after making a thorough review of the circumstances, will report to the Board of Directors who will determine the appropriate action to be taken. Officers and Employees

must disclose all potential and actual conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers, business associates, or competitors of the financial institution.

In the event a potential conflict of interest does arise involving a member of the Board of Directors, its nature and extent should be fully disclosed immediately to management and to the Company's Board of Directors.

B. Outside Employment

Full-time Officers and Employees should carefully scrutinize outside employment, including the performance of any services for compensation, to avoid potential conflicts of interest and excessive demands on one's time. Outside employment may be undertaken unless objected to by the Board of Directors on the grounds that such outside employment interferes with job performance or has the appearance of a conflict of interest with the Company.

Directors, Officers and other Employees should make full disclosure to the Board of Directors, when he or his family has substantial ownership or beneficial interest in firms which are suppliers, borrowers, or competitors of the Company

Officers and other Employees shall not engage in business activity or employment which interferes with their duties to the Company or its stockholders, divides their loyalty, or allows a possibility of conflict of interest.

C. Participation in Public Affairs

It is the philosophy of the Company to encourage on the part of its Officers and Employees a full awareness and interest in civic and political responsibility. Each Officer and Employee shall have the opportunity to support community activities or the political process as she/he desires, provided such participation does not unduly interfere with their duties or bring detriment to the Company.

Voluntary efforts for civic activities normally take place outside of regular business hours. Unless set forth hereinafter, if voluntary work requires Company time, prior approval should be obtained from the Board of Directors.

The Company believes that employees who perform community services, such as volunteer firemen and medical emergency personnel, are providing a valuable service to their community and the Company. The Company will allow the employees reasonable

excused time for the performance of their community service during working hours and the employees will receive their normal compensation for the excused time.

D. Corporate Directorships. Public Offices and Commissions

Officers and Employees must be constantly aware when considering election or appointment to corporate boards, public offices, or commissions, that serving in such capacity will not place them in a position where a potential conflict of interest may exist.

If a Director, Officer or Employee is in question of a conflict that individual must consult with the Board of Directors as to what procedure to follow.

E. Outside Auditors

In order to maintain the objectivity of the Outside Auditors, the Auditors will not be permitted to perform any consulting services of any kind for the Company.

F. Loan

It is improper for a Company Director, Officer or Employee to borrow or receive a loan from the Company for any reason.

G. Referring Customers Who Seek Advice

(1.) Legal Advice:

In many cases discussions with customers lead to a request that the director, officer or employee make statements that may relate to the legality of the proposed transaction. The Company's primary business is not to practice law or give legal advice. Therefore, directors, officers and employees should be careful in discussions with customers, and refrain from discussions that may be interpreted as the giving of legal advice, unless it is consistent with their normal course of business. Any advice or counsel requested by customers should be referred to their own legal counsel.

Improper Use of Corporate Position or Property

A. Receipt of Gifts

No employee shall accept any gift such as but not limited to, a gratuity, present, food, lodging, free or off priced service, or any other item for which a market price exchange is not made; except for those items listed in Exceptions below:

- from a person or Business seeking to obtain a contract, grant, loan, employment or any financial relationship from or within the Company.
- from a person or Business having a financial relationship with the Company.
- from a principal and/or attorney or other professional in proceedings in which the Company is an adverse party.
- from any person or Business where the performance or non-performance of any official duty may be affected or influenced.

Exceptions

- The acceptance of a gift from a family member or close personal friend, when the circumstances make it clear that the motivation for the gift is due to the family relationship or traditional practices among close friends, such as the exchange of birthday or Christmas gifts.
- Acceptance of an award for meritorious achievement from any charitable, religious, professional, recreational, social, fraternal, public service or civic organization.
- Acceptance of a plaque or memento of nominal value offered as a token of esteem appreciation on the occasion of a speech or public appearance.
- Small tokens or favors given to everyone attending a function or celebrating an occasion.
- Items which are clearly in the nature of deminimus, depending on the nature of the event or item, the personal nature of the occasion, gift, event or item, and its reasonable market value. Reasonableness is the guideline in this regard. Cash and cash

equivalent items such as gift certificates are never appropriate. Any gift with a value in excess of \$50.00 or .05% (.0005) of the subject employee's annual pay (whichever is greater) is not de minimus. The occasion for the gift should be considered. If there is a question as to the de minimus nature of the item, the determination shall be made by the Board of Directors.

B. Preferential Treatment

No Director, Officer, or Employee of the Company shall acquire or appropriate to his own personal use any Company property, service, or profit opportunity on the basis of or under situations not available to members of the public.

C. Vendor Contracts

No one shall cause the Company to enter into any contract with any person to provide goods, products, or services to or for the benefit of the Company if the contract would have an adverse effect upon the safety and soundness of the institution.

Outside business dealings with a Company vendor, when the Director, Officer or Employee is in the position of determining or influencing the decision for the Company to do business with that vendor, should be disclosed and pre-approved by the Company.

D. Non-Solicitation

Officers, Directors and Employees while employed or thereafter for a period of two years shall refrain from soliciting employees of the Company to leave for other employment. At no time should such solicitation occur on Company property.

Administration of the Code of Ethics

The Board of Directors has adopted this Code of Ethics and delegated Richard Tomlinson the responsibility for its administration throughout the Company.

It is their responsibility to be familiar with this code of business conduct and to abide by the letter and spirit of its provisions at all times. All new Employees are provided with a copy of the Code at the time of their orientation. Supervising Officers are expected to make every reasonable effort to ensure that their staff continue to comply with the provisions of the Code.

Company Policy

This document represents one of the policies of the Newtown Artesian Water Company. This document is not intended to, does not, and should not be construed to create a contractual duties or obligations on the part of the Company and/or contractual rights among the employees of the Company. Rather, the purpose of this document is to provide a source of reference for the General Policies & Guidelines on Legal and Ethical Standards for the Company.

Print Name

ACKNOWLEDGMENT

I, the undersigned, hereby acknowledge my awareness of the Code of Ethics of Newtown Artesian Water Company, its contents and amendments thereto- Further, upon review of said Code, I hereby certify that I understand its provisions and what they require of me as a Director, Officer or Employee of Newtown Artesian Water Company, I understand that a violation of this Code may result in the termination of my employment as an Officer or Employee of this institution.

Date

Signature of Director, Officer or Employee

AGREEMENT OF COMPLIANCE

I, the undersigned, hereby certify that I understand what is required of me by the provisions of the Code of Ethics of Newtown Artesian Water Company, as a Director, Officer or Employee of that Company. Further, I hereby certify that by the setting of my hand to this instrument, I agree to comply in good faith with the provisions and the spirit of the aforementioned Code.

Date

Signature of Director, Officer or Employee



800 Cabin Hill Drive
Greensburg, PA 15601-1689
PH: (724) 838-6210
FAX: (724) 830-7737
jmunsch@alleghenyenergy.com

LEGAL SERVICES

VIA FEDEX NEXT DAY

March 19, 2010

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

M-00940557

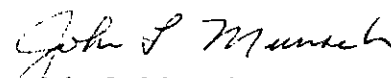
ORIGINAL

Dear Secretary McNulty:

Enclosed is Allegheny Power's Diversity Report containing sections on Human Resources and Procurement.

Should you have any questions regarding the information provided, please feel free to contact me at 724-838-6210.

Very truly yours,


John L. Munsch
Attorney

JLM:sac

Encs.

RECEIVED
MAR 19 2010
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Allegheny Energy's
Report on Diversity to the Pennsylvania Public Utility Commission
March 1, 2009

Human Resources Section

Section 1: Workforce Composition

Allegheny Energy Service Corporation currently operates in a 4 state region, including Pennsylvania. Due to service territories in PA crossing Maryland and West Virginia state lines, and employees living and working across state lines, all of the following reports reflect Allegheny Energy's overall workforce.

Information reported is derived from the Company's EEO-1 reports filed with the United States' Equal Employment Opportunity Commission (EEOC). Reporting is completed in September of each year; therefore, the reports included do not reflect year end data on the composition of the workforce. Because the PA PUC requests data be provided in the EEO-1 reporting format, to be consistent with federally required reporting, the data used is the same that is reported annually to the EEOC.

Over the past five years, the total number of people employed by Allegheny Energy has been adjusted to reflect changing business operations. We expect this to continue as the organization adjusts to meet the changing energy consumer environment.

2009 EEO-1 Report – Consolidated for Allegheny Energy Services Corp.*

800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Hispanic or Latino		Not-Hispanic or Latino											
		Male	Female	Male						Female					
				White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races
Executive/Sr. Officials & Mgrs	85	0	0	67	2	0	0	0	0	15	0	0	1	0	0
First/Mid Officials & Mgrs	574	2	0	469	15	1	2	0	1	81	2	0	0	1	0
Professionals	680	2	0	473	11	0	7	0	0	179	5	0	3	0	0
Technicians	537	2	0	379	8	0	0	0	1	144	3	0	0	0	0
Administrative Support	487	0	1	51	2	0	0	0	0	418	15	0	0	0	0
Craft Workers	1546	4	0	1466	51	0	0	1	1	21	1	0	1	0	0
Operatives	454	1	0	388	20	0	0	0	0	44	1	0	0	0	0
Laborers	9	0	0	7	0	0	0	0	0	2	0	0	0	0	0
Totals	4372	11	1	3300	109	1	9	1	3	904	27	0	5	1	0

2008 EEO-1 Report – Consolidated for Allegheny Energy Services Corp.*

800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Hispanic or Latino		Not-Hispanic or Latino											
		Male	Female	Male						Female					
				White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races
Executive/Sr. Officials & Mgrs	87	0	0	71	1	0	0	0	0	15	0	0	0	0	0
First/Mid Officials & Mgrs	560	2	0	456	15	1	2	0	1	79	2	0	2	0	0
Professionals	682	1	0	481	13	0	6	0	0	173	5	0	3	0	0
Technicians	526	3	0	366	7	0	0	0	1	146	3	0	0	0	0
Administrative Support	504	0	1	51	3	0	0	0	0	433	15	0	1	0	0
Craft Workers	1524	2	1	1445	50	0	0	1	0	23	1	0	1	0	0
Operatives	497	0	0	430	24	0	0	0	0	42	1	0	0	0	0
Laborers	21	1	0	17	0	0	0	0	0	3	0	0	0	0	0
Totals	4401	9	2	3317	113	1	8	1	2	914	27	0	7	0	0

2007 EEO-1 Report – Consolidated for Allegheny Energy Services Corp.*

800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Hispanic or Latino		Not-Hispanic or Latino												
		Male	Female	Male						Female						
				White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	
Executive/Sr. Officials & Mgrs	86	0	0	69	1	0	0	0	0	0	16	0	0	0	0	0
First/Mid Officials & Mgrs	520	1	0	429	12	0	4	0	0	0	71	1	0	1	1	0
Professionals	662	1	0	466	15	0	4	0	0	0	168	5	0	3	0	0
Technicians	516	2	0	370	10	0	0	0	0	0	129	4	0	1	0	0
Administrative Support	507	0	1	52	4	0	0	0	0	0	436	14	0	0	0	0
Craft Workers	1509	4	0	1428	49	0	1	1	0	0	24	1	0	1	0	0
Operatives	518	1	0	445	23	0	0	0	0	0	48	1	0	0	0	0
Laborers	64	1	0	47	1	0	1	0	0	0	12	1	1	0	0	0
Totals	4382	10	1	3306	115	0	10	1	0	0	904	27	1	6	1	0

2006 EEO-1 Report – Consolidated for Allegheny Energy Services Corp.

800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Male					Female				
		White (Not of Hispanic Origin)	Black(Not of Hispanic Origin)	Hispanic	Asian	American Indian or Alaskan Native	White (Not of Hispanic Origin)	Black(Not of Hispanic Origin)	Hispanic	Asian	American Indian or Alaskan Native
Officials & Mgrs	584	475	14	0	4	0	89	1	0	1	0
Professionals	640	446	14	2	4	0	166	5	0	3	0
Technicians	500	364	8	2	0	0	122	4	0	0	0
Sales Worker	1	0	0	0	0	0	1	0	0	0	0
Office and Clerical	501	54	3	0	0	0	426	16	1	1	0
Craft Workers	1563	1475	57	4	1	1	23	1	0	1	0
Operatives	469	396	24	1	0	0	47	1	0	0	0
Laborers	27	18	3	0	0	0	5	1	0	0	0
Totals	4285	3228	123	9	9	1	879	29	1	6	0

2005 EEO-1 Report – Consolidated for Allegheny Energy Services Corp.

800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Male					Female				
		White (Not of Hispanic Origin)	Black(Not of Hispanic Origin)	Hispanic	Asian	American Indian or Alaskan Native	White (Not of Hispanic Origin)	Black(Not of Hispanic Origin)	Hispanic	Asian	American Indian or Alaskan Native
Officials & Mgrs	637	517	17	0	4	0	97	1	0	1	0
Professionals	795	548	13	3	7	0	208	6	1	9	0
Technicians	526	388	10	1	1	1	121	4	0	0	0
Office and Clerical	548	53	4	0	0	0	468	22	1	0	0
Craft Workers	1841	1735	72	4	2	1	25	1	0	1	0
Operatives	471	393	24	1	0	0	52	1	0	0	0
Laborers	66	50	8	0	0	0	7	1	0	0	0
Totals	4884	3684	148	9	14	2	978	36	2	11	0

2004 EEO-1 Report – Consolidated for Allegheny Energy Services Corp.

800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Male					Female				
		White (Not of Hispanic Origin)	Black(Not of Hispanic Origin)	Hispanic	Asian	American Indian or Alaskan Native	White (Not of Hispanic Origin)	Black(Not of Hispanic Origin)	Hispanic	Asian	American Indian or Alaskan Native
Officials & Mgrs	653	530	19	0	3	0	98	2	0	0	1
Professionals	842	583	13	3	6	0	227	4	0	6	0
Technicians	556	404	8	1	1	1	136	4	1	0	0
Office and Clerical	580	54	5	0	0	0	496	24	1	0	0
Craft Workers	1902	1794	74	4	2	1	25	1	0	1	0
Operatives	528	432	27	2	1	0	65	1	0	0	0
Laborers	86	63	7	0	0	0	15	1	0	0	0
Service Workers	1	1	0	0	0	0	0	0	0	0	0
Totals	5148	3861	153	10	13	2	1062	37	2	7	1

Section 2: Affirmative Action Efforts

Internal Recruiting Strategies:

The Company's Internal Job Posting Program provides a consistent, fair and open method of communicating employment opportunities to employees. Job openings are advertised on the Company's intranet site and are printed and placed on company bulletin boards for 10 calendar days. All entry-level union positions and all other non-union positions, up to and including first line supervision, are posted. A business may choose to post other advanced level positions as well.

The union bid process does not apply to entry-level union jobs; therefore, these positions are posted on the Company's Internal Job Post site open to all employees, including those covered by a bargaining agreement.

The Internal Job Posting Application process is open to regular full and part-time employees.

External Recruiting/Advertising Strategies:

Allegheny Energy's external recruiting strategies include: Post on the company's external Career Opportunities web page, with local State job service offices, on CareerBuilder.com which provides the job listing service for over 100 diversity organizations, recruitment advertising through professional organizations, and advertisements in local and regional newspapers.

The Company will also send letters to affirmative action contacts representing diversity candidates within the local community informing them of how to submit candidates for the job. The list of contacts includes local churches, colleges, veterans' organizations, organizations for citizens with disabilities, National Society of Black Engineers, National Society of Women Engineers, and the NAACP.

College recruiting occurs at, but is not limited to, the following colleges and universities:

- Carnegie Mellon University
- Ohio University
- University of Pittsburgh
- James Rumsey Technical Institute
- Virginia Tech
- West Virginia University
- Penn State - University Park
- Indiana University
- University of Maryland
- Capitol College
- Anne Arundel Community College
- Blue Ridge Community & Technical College
- Montgomery College
- Morgan State University
- Fairmont State University
- Lord Fairfax Community College
- Pierpont Community and Technical College

Search firms are used for some professional and management positions. When this strategy is employed, Allegheny Energy's Staffing group communicates the Company's commitment to equal employment opportunity and requests that the search firm take affirmative action steps in its' recruiting efforts on the Company's behalf.

Training Efforts:

Allegheny Energy provides its leadership with training on laws and policies related to affirmative action, discrimination, and harassment as a part of its training curriculum for supervisory employees. This is done as a component of a leadership curriculum that includes other business related courses.

Professional skills development courses are also offered to assist management in the hiring process, including a workshop entitled "Hiring Great People", and web-based courses are available to managers on interviewing and selection.

Employees are offered opportunities to participate in a workshop that was developed to provide them with essential resume writing and interviewing skills called "Power Up Your Career".

All regular, full time employees are eligible to participate in the Company's educational assistance program which provides reimbursement for college credit courses within a certificate, associate's, bachelor's, master's, or post-graduate degree program offered by schools accredited by regional and national accrediting agencies recognized by the U. S. Secretary of Education. Courses may be taken in a traditional classroom setting, through correspondence, or online as long as the curriculum is delivered by an accredited institution/school. Internships for which college credits are awarded are also eligible for reimbursement.

Mentoring relationships and formal coaching are also facilitated for employees whose performance and career development goals are identified as potentially benefiting from these relationships.

All employees may use any of over e-learning courses available to them through licenses the company has secured with a web-based provider of business curriculum and resources. These courses range from computer, project management, and supervisory skills, to personal development skills in such topics as communications, time management, and career development.

Promotions:

Position changes must meet two conditions to be considered a promotion:

- Change in EEO category (i.e. technician to professional)
- 15% or greater increase in market reference point

Promotional opportunities commonly occur as a result of the selections made through the Company's Internal Job Posting program or, for management positions, through the succession planning program.

Promotions may also occur as employees gain the skills to move up in one of the company's four formal alternate career paths that provide alternatives to management positions in: Engineering and Finance/Accounting. These promotions require a formal review process that is coordinated by Human Resources.

Finally, promotions may occur as a result of a re-organization which a department may undertake to better align positions and people with business requirements.

Retention:

Allegheny Energy has experienced a turnover rate for regular employees of approximately 3.3%. Over half of this turnover was attributable in 2009 to retirements. Approximately 30% of turnover was due to resignations, many related to a corporate agreement to move some operations which would have required employees to relocate.

When leaving almost all employees are asked to provide feedback to the company on their employment experience and the factors leading to their decision to leave the company. These results are reviewed by Human Resources, and if necessary, reviewed with leadership to ensure any issues related to management practices are followed up.

Compensation and benefits programs are continuously benchmarked to ensure that Company practices are competitive. Salaries and wages are determined through a process whereby positions are benchmarked against similar jobs in related geographies to determine competitiveness of starting and experienced level salaries.

Employee relations efforts, including an annual employee engagement survey, and employee complaint resolutions processes are in place and well communicated. A Corporate level Employee Engagement Team is responsible for communicating and ensuring follow through on corporate objectives related to the findings of the Engagement survey. These efforts all lead to ensuring that employees feel their contributions are valued and respected.

Section 3: Workforce Territory Comparison

Service Territory:

For this report, as noted in Section 1's analysis of the workforce composition, Allegheny Energy Service Corporation currently operates in a 4 state region, including Pennsylvania. Due to service territories in PA crossing Maryland and West Virginia state lines, and employees living and working across state lines, the following are considered regions from which Allegheny derives it's workforce:

1. **Eastern Region:** Includes work location in Cumberland, Frederick, Mt. Airy, Oakland, Thurmont, and Williamsport, Maryland, McConnellsburg and Waynesboro, Pennsylvania, Luray, Madison, Petersburg, Winchester and Meadowbrook, Virginia, Augusta, Berkeley Springs, Ft. Ashby, and Martinsburg, West Virginia.
2. **Southwestern Pennsylvania Region:** Includes the following work locations: Arnold, Boyce, Butler, Charleroi, Connellsville West-Side, Jeannette, Jefferson, Kittanning, Latrobe, McDonald, Pleasant Valley, Uniontown, and Washington in Pennsylvania.
3. **Pennsylvania Corporate Region:** includes the following work locations: Greensburg Corporate Headquarters, Chapel Hill, Dunbar, Greensburg Environmental Lab, System Security, Washington, DC External Affairs, West Virginia (Greenbrier Street) External Affairs, Baltimore External Affairs, Harrisburg External Affairs.
4. **North Central PA Region:** Includes the following work locations: Clarion, State College and St. Marys, Pennsylvania.
5. **Fairmont Corporate Region:** Includes the Fairmont Call Center and corporate offices.
6. **Fort Martin/Albright Power Stations Region:** Includes Fort Martin Power Station at Madsville, W. Va.; the Albright Power Station in Albright, W. Va.
7. **Hatfield/Lake Lynn Power Station Region:** Includes the Hatfield's Ferry Power Station, near Masontown, Pa., and Lake Lynn Power Station at Lake Lynn, PA.
8. **Harrison and Rivesville Power Station Region:** Includes the Harrison Power Station at Haywood, W. VA., and the Rivesville Power Station in Rivesville, W. VA.
9. **Pleasants/Willow Island Region:** Includes the Pleasants/Willow Island Power Stations in Willow Island, WV.
10. **Southwestern Pennsylvania Region:** Includes the following work locations: Arnold, Boyce, Butler, Charleroi, Connellsville West-Side, Jeannette, Jefferson, Kittanning, Latrobe, McDonald, Pleasant Valley, Uniontown, and Washington in Pennsylvania.
11. **West Virginia Region:** Includes the following work locations: Clarksburg, Elkins, Fairlea, Franklin, Gassaway, Glenville, Harrisville, Hinton, Kingwood, Marlinton, Morgantown, Parkersburg, Sistersville, Spencer, Summersville, Webster Springs, Weirton, Weston/Buckhannon, and White Hall in West Virginia.

Relevant Labor Force:

The relevant labor force for Executive and Senior Office level positions is derived from United States, nationwide searches.

The relevant labor force for first level through mid-level leadership and professional positions includes: Pennsylvania, Washington, DC, Maryland, New York, North Carolina, Ohio, Delaware, Virginia, and West Virginia.

For all other positions, the relevant labor force, as defined in the Company's Affirmative Action Plans is as follows:

1. **Eastern Region:** Berkeley, Grant, Hampshire, Hardy, Jefferson, Mineral, Morgan, Pendleton, Preston and Tucker Counties in WV; Allegany, Carroll, Frederick, Garrett, Montgomery and Washington Counties in MD; and Clark, Culpepper, Fauquier, Frederick, Greene, Madison, Orange, Page, Rappahannock, Shenandoah and Warren Counties in VA; Adams, Bedford, Franklin, Fulton, Huntington in PA.
2. **Southwestern Pennsylvania Region:** Allegheny, Armstrong, Beaver, Blair, Butler, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Somerset, Washington, and Westmoreland Counties in PA.
3. **Pennsylvania Corporate Region:** Allegheny, Fayette, and Westmoreland Counties in Pennsylvania.
4. **North Central PA Region:** Blair, Cameron, Centre, Clarion, Clearfield, Elk, Huntingdon, and Jefferson Counties in PA.
5. **Fairmont Corporate Region:** Marion, Monongalia, Harrison and Taylor Counties, WV.
6. **Fort Martin/Albright/Rivesville Power Stations Region:** Monongalia and Preston Cos., WV, Greene and Fayette Counties, PA.
7. **Hatfield/Lake Lynn Power Station Region:** Monongalia and Preston Cos., WV, Greene and Fayette Counties, PA.
8. **Harrison and Rivesville Power Station Region:** Harrison, Taylor and Marion Counties, WV.
9. **Pleasants/Willow Island Region:** Tyler, Wood, Ritchie, Pleasants County WV, Washington County, Ohio.
10. **Southwestern Pennsylvania Region:** Allegheny, Armstrong, Beaver, Blair, Butler, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Somerset, Washington, and Westmoreland Counties in PA.
11. **West Virginia Region:** Barbour, Braxton, Brooke, Calhoun, Clay, Doddridge, Fayette, Gilmer, Greenbrier, Hancock, Harrison, Jackson, Lewis, Marion, Monongalia, Monroe, Nicholas, Pendleton, Pleasants, Pocahontas, Preston, Raleigh, Randolph, Ritchie, Roane, Summers,

Taylor, Tucker, Tyler, Upshur, Webster, Wetzell, Wirt, and Wood Counties in WV; Fayette, Greene, and Washington Counties in PA; Washington County in OH.

Workforce/Relevant Labor Force Comparison:

Based on an overall summary of the relevant labor force across all areas defined in the section above, the following comparison of Allegheny Energy's workforce applies:

Job Group	Total Work Force	Female			Minority		
		Female Workforce	% of AE Workforce	**External Availability	Minority Workforce	% of AE Workforce	**External Availability
Executive/Sr. Officers				35%			14%
First/Mid Mgmt.				31%			11%
Professionals				37%			19%
Technician				25%			12%
Office & Clerical				76%			11%
Craft Workers				7%			7%
Operatives				23%			8%
Laborers				15%			10%

REPORT ON DIVERSITY TO THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

PROCUREMENT SECTION

ALLEGHENY ENERGY
03/19/2010

PART 1 - NARRATIVE

Allegheny Energy Service Corporation, a wholly owned subsidiary of Allegheny Energy, Inc., submits the following as the Supplier Diversity Program Report for 2009 on behalf of Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, which are the three public utility operating companies of Allegheny Energy system ("Allegheny Energy").

It is the policy of Allegheny Energy to continually increase the diversity of our supplier base in the procurement of materials, equipment, and services. Allegheny Energy is committed to providing equitable opportunity to all suppliers to compete for such contracts.

The objective of Allegheny Energy's Supplier Diversity Program is to provide and encourage business opportunities with small businesses (SB) and Diverse Suppliers. Specifically, the goals are to increase the number of Diverse Suppliers including Minority Business Enterprises (MBE), Women-owned Business Enterprises (WBE) and Disabled-owned Business Enterprises (DBE) in our supplier base; increase participation by Diverse Suppliers in the bid process; and increase dollars spent on materials, equipment, and services with Diverse Suppliers. To accomplish these goals, Allegheny Energy actively seeks to identify and maintain qualified Diverse Suppliers in areas where there is limited or no participation by MBE, WBE or DBE suppliers, and by promoting open lines of communication between Allegheny and our suppliers and organizations.

Allegheny Energy is committed to its continued development of a successful Supplier Diversity Program. The General Manager, Supply Chain Support in Allegheny Energy's Supply Chain is responsible for the Supplier Diversity Program, working with Supply Chain staff and employees involved in the Procurement process to ensure results. The General Manager of Supply Chain, Support reports directly to Allegheny Energy's Director, Supply Chain and Chief Procurement Officer (CPO).

All Allegheny Energy employees are responsible for supporting the objectives of the Supplier Diversity Program. Any employee authorized to spend or commit funds is responsible for adhering to the program.

Allegheny Energy is dedicated to providing on-going assistance and guidance in building a strong supplier base that provides opportunities to small business concerns, and minority and woman-owned businesses.

PART 1a INTERNAL EFFORTS

1. Provided training to employees on use of the new vendor query developed on Allegheny Energy's internal website for purpose of identifying Diverse Suppliers to include on bidder's list and Request for Quotations (RFQs).
2. Achieved 58% average participation from Diverse Suppliers on RFQ purchase order inquiries – bid opportunities.
3. Provided guidance and training to strategic sourcing specialists and other personnel involved in the procurement process. Allegheny Energy encourages procurement opportunities for Diverse Suppliers in the procurement of material, equipment, and services. Topics discussed included current year's performance in regard to current year goals with Diverse Suppliers. Other topics discussed are recognition of special achievements, trade fair participation, identification of Diverse Supplier subcontracting

opportunities, and overall departmental performance in achieving diversity participation goals.

4. Provided Supply Chain management and corporate management with monthly updates of the Supplier Diversity Program yearly goals and progress.
5. To increase employee awareness, Supplier Diversity monthly charts identifying yearly goals and progress are provided on Allegheny's internal web site for viewing by all Allegheny employees.
6. Developed new Supplier section on Allegheny Energy's external web site www.alleghenyenergy.com for companies who are interested in doing business with Allegheny Energy. The following information is provided on the site:
 - Purchasing guidelines and procedures
 - Supplier registration process
 - Allegheny's Supplier Diversity Program
 - Answers to frequently asked questions
 - Contact information

PART 1b EXTERNAL EFFORTS

1. Corporate member of the Western Pennsylvania Minority Supplier Development Council (WPMSDC); attended and participated in WPMSDC meetings.
2. Attended and participated in the IEEE University of Pittsburgh Expand Your Business Today conference, presenting overview on Allegheny Energy's Supplier Diversity Program.
3. Attended the 2009 National Minority Supplier Development Council Business Opportunity Fair.
4. Attended all meetings and actively participated in Maryland Utility Forum on Supplier Diversity.
5. Active member of the Edison Electric Institute's (EEI) Supplier Diversity Committee; attended the GSA/SBA Federal Subcontracting Best Practices Workshop and participated in the annual EEI Supplier Diversity Conference.
6. Met and spoke with numerous Diverse Suppliers to increase their interaction with Allegheny Energy employees involved in the Procurement process to further increase the diversity of our supplier base.
7. Consultations in-house and off-site with employees providing opportunity to meet with Diverse Suppliers and to discuss procurement opportunities with Allegheny Energy.
8. Assisted potential Diverse Suppliers in understanding the process for being added to Allegheny Energy's vendor listing.

9. Assisted Diverse Suppliers in identifying the types of materials and services purchased by Allegheny Energy, and helped them interpret Company specifications and industry standards, when applicable.

PART 1c SUBCONTRACTING EFFORTS

To ensure receipt of subcontracting plans, a 2009 goal was established for all Procurement Buyers to obtain a subcontracting plan or documentation prior to the awarding of contracts exceeding \$550K. Buyers successfully met the goal with 100% compliance.

PART 2 PROCURMENT DIVERSITY REPORTING

A breakdown of Allegheny Energy’s total purchased/spend dollars with MBE, WBE and DBE business concerns in 2009 follows. Excluded from the total dollars are such items as power (electricity for resale) purchased for resale to a public utility, internally generated costs and expenditures, e.g. salaries and wages, depreciation, interest, employee insurance and other benefits, income and property taxes, payments for fees, fines, claims, dues, philanthropic contributions, rail services such as coal delivery and expenditures for regulated utilities (telephone, light, gas, water and sewer).

**ALLEGHENY ENERGY PROCUREMENT DIVERSITY REPORTING
TOTAL COMPANY PROCUREMENT PURCHASED DOLLARS
2009 GOAL & ACTUAL**

2009	GOAL		ACTUAL	
	%	Dollars	%	Dollars
DIRECT - Total Company Procurement Dollars		\$1,375,780,000		\$1,390,518,932
Minority (MBE)	1.55%	\$17,538,250	3.92%	\$54,498,167
Women (WBE)	0.61%	\$6,902,150	0.54%	\$7,572,628
Disabled (DBE)	0.05%	\$565,750	0.03%	\$364,246
Total (M/W/DBE)	2.21%	\$25,006,150	4.49%	\$62,435,041

2009 Spend with Pennsylvania Self-Certified or Third Party Certified MBE-WBE-DBE (> \$5K)

Vendor Name	City	Dollars Spend
PA TRANSFORMER TECHNOLOGY INC	PITTSBURGH	\$12,912,103
INDUSTRIAL CONTROL CONCEPTS IN	WHITAKER	\$952,660
TRAFFIC CONTROL SERVICES LLC	YORK	\$325,489
GOULD KRAMER INC	MURRYSVILLE	\$236,286
PA TRANSFORMER TECHNOLOGY INC	CANONSBURG	\$160,328
ROBERT H LYNN INC	VANDERBILT	\$154,431
POLESET INC	PROSPERITY	\$119,340
PDS CRANE SERVICE CO INC	CARNEGIE	\$96,137
CHRISTOPHER RESOURCES INC	MOUNT BRADDOCK	\$92,631
KINGSBURY INC	PHILADELPHIA	\$82,202
AIR COMPLIANCE CONSULTANTS INC	PITTSBURGH	\$60,100
DRAKE ADVERTISING INC	PITTSBURGH	\$55,057
VERTEX INC	PHILADELPHIA	\$52,746
ACE CONTROLS & INSTRUMENTATION	UPLAND	\$50,081
TESTEX INC	PITTSBURGH	\$47,280
DRUG TESTING PROGRAMS INC	BRIDGEVILLE	\$47,198
REED SMITH LLP	PITTSBURGH	\$42,572
SHAHID MALIK	PITTSBURGH	\$42,000
BIRD INDUSTRIAL GROUP	JOHNSTOWN	\$34,459
TAZGO MACHINE INC	TEMPLETON	\$28,952
LAUREL VALLEY GRAPHICS INC	LATROBE	\$24,803
TATE ANDALE INC	LITITZ	\$24,373
DIETZCO	BLAIRSVILLE	\$23,336
CHAUTAUQUA FIBERGLASS &	SHARPSVILLE	\$22,975
W K MERRIMAN INC	PITTSBURGH	\$22,249
PREMIER PROMOTIONAL SOLUTIONS	MANOR	\$20,933
LOG CABIN FENCE CO INC	AMITY	\$20,650
PITTSBURGH DESIGN SERVICES INC	CARNEGIE	\$20,496
CLEAN CUT LAWNS & MORE	RICHEYVILLE	\$20,199
KAZMAREK SPECIALTY FORMS INC	GIBSONIA	\$19,565
FICKESS PUMPS INC	NEW BRIGHTON	\$16,376
GIOVANELLI EXCAVATING INC	FREDERICKTOWN	\$16,095
COMMONWEALTH UTILITY EQUIP CO	BUTLER	\$14,298
ALL STAR PROMOTIONS	GREENSBURG	\$9,031
EL GRANDE INDUSTRIES INC	MONESSEN	\$9,020
STULL CLEANING & SUPPLY INC	KITTANNING	\$7,867
DON PARKER SALES INC	PITTSBURGH	\$7,018
ECONOMY FURNACE CO	UNIONTOWN	\$6,736
WEST PENN SUPPLY CO INC	BRIDGEVILLE	\$6,621
KKRP INC	PITTSBURGH	\$6,130
COMMONWEALTH CAPITAL CORP	CHADDS FORD	\$5,431
COASTAL DISPLAYS OF PITTSBURGH	PITTSBURGH	\$5,040
EUGENE C JOHNSON	BUTLER	\$5,007

**Commodity Descriptions of Materials and Services under Contract with MBE, WBE and DBEs
CONTRACTS (WK) ISSUED IN 2009**

Group No	Commodity	DBE	MBE	WBE
76121610	ASH DISPOSAL		X	
81101513	BUILDING/FACILITY CONSTRUCTION & MAINTENANCE			X
81110000	COMPUTER SERVICES			X
72131707	CONSTRUCTION PROJECTS DISTRIBUTION			X
72131705	CONSTRUCTION PROJECTS SUBSTATION			X
81112020	DATA PROCESSING, HARDWARE			X
11110000	EARTH & STONE		X	
12140000	ELEMENTS AND GASES	X		
77101505	EMISSION TESTING		X	X
81101700	EQUIPMENT AND TOOL MAINTENANCE OR REPAIR			X
99990310	EQUIPMENT REPAIRS			X
72103004	EXCAVATION		X	X
27110000	HAND TOOLS			X
93131700	HEALTH/WELLNESS PROGRAMS			X
72101802	HIGH PRESSURE WATER CLEANING			X
76110000	JANITORIAL SERVICES			X
24100000	MATERIAL HANDLING MACHINERY & EQUIPMENT			X
41110000	MEASURING, OBSERVING, AND TESTING INSTRUMENTS			X
72131600	METAL BUILDING INSTALLATION			X
73181000	METALS FABRICATION AND MACHINING			X
99990300	MISCELLANEOUS SERVICES & CONTRACTS	X	X	X
81101711	MOTOR REPAIRS			X
72102905	MOWING, GROUND MAINT		X	X
76121600	NONHAZARDOUS WASTE DISPOSAL			X
72102400	PAINTING	X		
39121103	PANELBOARDS			X
83101835	RIGHT-OF-WAY MAINTENANCE - VEGETATION CONTROL		X	
72102901	SNOW REMOVAL	X		X
39121500	SWITCHES, CONTROLS, & RELAYS AND ACCESSORIES		X	
70111503	TREE TRIMMING SVCS		X	
73152120	VALVE REPAIRS			X



National Fuel

ORIGINAL

February 25, 2010

RECEIVED

FEB 25 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Mr. James J. McNulty, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room N201
Harrisburg, PA 17120

RE: Diveristy at Major Jurisdictional Utility Companies
Pursuant to Docket No: M-00940557

Dear Mr. McNulty:

Enclosed is a copy of National Fuel Gas Distribution Corporation –
Pennsylvania Division's report regarding the above-referenced matter.

If you should have any questions or comments regarding this report, please
contact me at (716) 857-7385.

Respectfully yours,

Valerie L. Hawthorn
Human Resources Coordinator

Enclosures

**REPORT ON DIVERSITY TO THE
PENNSYLVANIA
PUBLIC UTILITY COMMISSION**



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FEB 25 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



**National Fuel Gas Distribution Corporation
Pennsylvania Division
February 2010**

**REPORT ON DIVERSITY TO THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**



HUMAN RESOURCES SECTION



**National Fuel Gas Distribution Corporation
Pennsylvania Division**

WORKFORCE COMPOSITION

Section 1

Please reference the attached employee summaries for Year End 2005-2009.

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2009 YEAR END
EEO-1 FORMAT
EMPLOYEE SUMMARY**

JOB CATEGORIES	TOTAL B - O	MALE							FEMALE						
		White	Black	Hispanic	Asian	Native Hawaiian or Other Pacific Islander	American-Indian or Alaska Native	2 or More Races	White	Black	Hispanic	Asian	Native Hawaiian or Other Pacific Islander	American-Indian or Alaska Native	2 or More Races
		B	C	D	E	F	G	H	I	J	K	L	M	N	O
Executive/Sr Level Officials (1)	14	12	0	0	0	0	0	0	2	0	0	0	0	0	0
First/Mid Level Officials (2)	47	35	1	0	0	0	0	0	10	1	0	0	0	0	0
Professionals (3)	24	15	1	0	0	0	0	0	8	0	0	0	0	0	0
Technicians (4)	3	2	0	0	0	0	0	0	1	0	0	0	0	0	0
Sales Workers (5)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Support Workers (6)	108	19	1	0	0	0	0	0	77	7	2	1	0	1	0
Craft Workers (Skilled) (7)	36	34	2	0	0	0	0	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (8)	106	98	3	1	0	1	0	0	3	0	0	0	0	0	0
Laborers (Unskilled) (9)	20	18	1	0	0	0	0	0	1	0	0	0	0	0	0
Service Workers (10)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (11)	358	233	9	1	0	1	0	0	102	8	2	1	0	1	0

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2008 YEAR END
EEO-1 FORMAT
EMPLOYEE SUMMARY**

JOB CATEGORIES	TOTAL B - O	MALE							FEMALE						
		White	Black	Hispanic	Asian	Native Hawaiian or Other Pacific Islander	American-Indian or Alaska Native	2 or More Races	White	Black	Hispanic	Asian	Native Hawaiian or Other Pacific Islander	American-Indian or Alaska Native	2 or More Races
		B	C	D	E	F	G	H	I	J	K	L	M	N	O
Executive/Sr Level Officials (1)	13	11	0	0	0	0	0	0	2	0	0	0	0	0	0
First/Mid Level Officials (2)	43	34	1	0	0	0	0	0	7	1	0	0	0	0	0
Professionals (3)	27	14	1	0	0	0	0	0	12	0	0	0	0	0	0
Technicians (4)	3	2	0	0	0	0	0	0	1	0	0	0	0	0	0
Sales Workers (5)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Support Workers (6)	111	22	2	0	0	0	0	0	77	6	2	1	0	1	0
Craft Workers (Skilled) (7)	36	34	2	0	0	0	0	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (8)	105	97	4	1	0	1	0	0	2	0	0	0	0	0	0
Laborers (Unskilled) (9)	22	17	2	0	0	0	0	0	3	0	0	0	0	0	0
Service Workers (10)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (11)	360	231	12	1	0	1	0	0	104	7	2	1	0	1	0

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2007 YEAR END
EEO-1 FORMAT
EMPLOYEE SUMMARY**

JOB CATEGORIES	TOTAL B - K	MALE					FEMALE				
		White	Black	Hispanic	Asian	American-Indian	White	Black	Hispanic	Asian	American-Indian
		B	C	D	E	F	G	H	I	J	K
Executive/Sr Level Officials (1)	12	11	0	0	0	0	1	0	0	0	0
First/Mid Level Consultants (2)	43	35	0	0	0	0	8	0	0	0	0
Professionals (3)	27	14	1	0	0	0	11	1	0	0	0
Technicians (4)	3	2	0	0	0	0	1	0	0	0	0
Sales Workers (5)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Support Workers (6)	107	22	2	0	0	0	74	6	2	0	1
Craft Workers (Skilled) (7)	43	40	3	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (8)	91	84	4	1	0	0	2	0	0	0	0
Laborers (Unskilled) (9)	17	15	0	0	0	0	2	0	0	0	0
Service Workers (10)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (11)	343	223	10	1	0	0	99	7	2	0	1

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2006 YEAR END
EEO-1 FORMAT
EMPLOYEE SUMMARY**

JOB CATEGORIES	TOTAL B - K	MALE					FEMALE				
		White B	Black C	Hispanic D	Asian E	American-Indian F	White G	Black H	Hispanic I	Asian J	American-Indian K
Officials and Managers (1)	54	45	0	0	0	0	9	0	0	0	0
Professionals (2)	28	16	1	0	0	0	10	1	0	0	0
Technicians (3)	2	2	0	0	0	0	0	0	0	0	0
Sales Workers (4)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Office and Clerical (5)	97	21	2	0	0	0	64	7	2	0	1
Craft Workers (Skilled) (6)	43	40	3	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (7)	94	85	5	1	0	0	3	0	0	0	0
Laborers (Unskilled) (8)	14	11	0	0	1	0	2	0	0	0	0
Service Workers (9)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (10)	332	220	11	1	1	0	88	8	2	0	1

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2005 YEAR END
EEO-1 FORMAT
EMPLOYEE SUMMARY**

JOB CATEGORIES	TOTAL B - K	MALE					FEMALE				
		White	Black	Hispanic	Asian	American-Indian	White	Black	Hispanic	Asian	American-Indian
		B	C	D	E	F	G	H	I	J	K
Officials and Managers (1)	53	44	0	0	0	0	9	0	0	0	0
Professionals (2)	30	18	1	0	0	0	10	1	0	0	0
Technicians (3)	2	2	0	0	0	0	0	0	0	0	0
Sales Workers (4)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Office and Clerical (5)	99	18	3	0	0	0	71	5	1	0	1
Craft Workers (Skilled) (6)	46	43	3	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (7)	91	81	6	1	0	0	3	0	0	0	0
Laborers (Unskilled) (8)	15	12	0	0	1	0	2	0	0	0	0
Service Workers (9)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (10)	336	218	13	1	1	0	95	6	1	0	1

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

1. Recruiting/Selection – National Fuel Gas Distribution Corporation - Pennsylvania Division had a very limited number of external opportunities. While external hiring opportunities remain limited at this time, the following additional measures have been developed to assist us in continuing to achieve our Affirmative Action goals:
 - a. Position descriptions have been revised and reviewed to ensure that they accurately reflect duties performed. Incumbents with the same job titles that are performing different responsibilities have been identified and have unique job descriptions.
 - b. Workers' specifications by division, department, location or organizational unit have been reviewed. The worker specifications are nondiscriminatory with respect to race, color, religion, sex, except where sex is a bona fide occupational qualification, and national origin.
 - c. These position descriptions and employee specifications are available to all members of management involved in the recruiting, screening, selection and promotion process. Copies of position descriptions and employee specifications for job openings are available to all recruiting sources.
 - d. All other Company selection processes have been evaluated and are nondiscriminatory. All personnel having any part in the selection processes are chosen with special care and receive ongoing training to ensure that the processes

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

remain nondiscriminatory. In addition, the Company observes the requirements of the OFCCP Uniform Guidelines on Employee Selection (41 C.F.R. S 60 - 3) and audits all unscored selection procedures to ensure objectivity.

e. Job openings for internal positions are posted. Candidates are able to review the job specifications for all available opportunities. The posting process informs all employees of opportunities within the Company. The internal selection process is subject to the same policies and procedures as the external hiring process. Due to very limited external hiring opportunities, internal movement and diversification within job groups is essential. The Company's Internal Posting Program plays an important role in meeting the Company's Affirmative Action goals.

f. Contacting the following minority and female organizations for referrals: NAACP, Colleges and Universities with high minority/female enrollment, and the State Employment Service. National Fuel utilizes the Pennsylvania Commonwealth Workforce Development System, local Job Services Offices, as well as the Erie American Hispanic Council and the Greater Erie Community Action Center as recruitment referral sources (see more detail in Community Outreach section).

g. Formal briefing sessions are available for representatives from other recruiting sources. These briefings include: clear and concise explanations of current and future job openings, position descriptions, worker specifications, explanations of the Company's selection process and recruiting literature.

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS
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In addition, the Company offers all employees the opportunity for professional growth through our Tuition Aid Program, subject to program guidelines.

Educational assistance is provided in a non-discriminatory manner.

4. Promotions - The Company insures that minority and female employees have equal employment opportunity to all promotions utilizing the following techniques:

- a. Promotional opportunities for bargaining unit employees are posted or announced.
- b. An inventory of the skills and academic experience levels is maintained for all employees.
- c. A formal performance management process has been implemented for non-union employees at National Fuel Gas Distribution Corporation. The process includes an objective review, utilization of goals and objectives as well as a training and development plan.
- d. "Worker specifications" have been reviewed and correlated to job performance related criteria.
- e. Seniority practices and seniority clauses in union contracts are reviewed to ensure that such practices or clauses are non-discriminatory and do not have a discriminatory effect.

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

f. The non-union hourly and supervisory posting programs allow for promotional opportunities based on job specific qualifications.

5. Retention - National Fuel is extremely fortunate with respect to retention issues. In 2009, the Company experienced only three resignations, none of which were minority employees. National Fuel has been successful in retaining its employees because we attempt to make National Fuel a place that provides interesting work, a competitive salary and benefits package and fair and equitable treatment for our whole employee group.

Additionally, the Company offers the following:

- Mentoring Programs/Career Counseling
- Part Time
- Flex Time
- Employee Assistance Program
- Tuition Assistance Program

WORKFORCE/SERVICE TERRITORY COMPARISON

1. Description of Service Territory - See Exhibit 1 (map)

2. Definition of Relevant Labor Force - National Fuel Gas Distribution Corporation uses the Occupations of the Experienced Civilian Labor Force by Sex and Minority: 2000 Census for the Erie Metropolitan Statistical Area for the Officials and Managers (Executive/Sr. Level Officials and First/Mid Level Officials), Professionals, Technicians, Administrative Support Workers and Laborers workgroups. However, due to the constraints of the union bidding process the following definitions of a relevant workforce have also been used:
 - Craftworkers - definition used - Minority/Female Representation in the Operatives Feeder Group.

 - Operatives - definition used - Minority/Female Representation in the Laborers Feeder Group.

WORKFORCE/SERVICE TERRITORY COMPARISON

3. Workforce/Relevant Labor Force Comparison – Based on the previous definition of the relevant labor force, the following comparison applies:




		Women	Minorities
Executive/Sr. Level Managers	Internal	14.3	0
	External	36.9	3.5
Mid/First Level Managers	Internal	23.4	4.3
	External	36.9	3.5
Professionals	Internal	33.3	4.2
	External	57.6	6.3
Technicians	Internal	33.3	0
	External	59.2	7.9
Administrative Support Workers	Internal	81.5	11.1
	External	76.8	7.0
Craft Workers	Internal	0	5.6
	Availability	2.8	4.7
Operatives	Internal	2.8	4.7
	Availability	5.0	5.0
Laborers and Helpers	Internal	5.0	5.0
	External	16.7	11.9

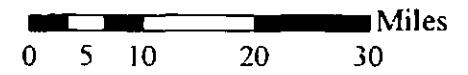


National Fuel Gas
Distribution Corp.

Pennsylvania
Service Area

Legend

-  States
-  Counties
-  National Fuel Gas Company



Map Created: February 10, 2009

**REPORT ON DIVERSITY TO THE
PENNSYLVANIA
PUBLIC UTILITY COMMISSION**



PROCUREMENT SECTION



**National Fuel Gas Distribution Corporation
Pennsylvania Division**

NARRATIVE ON PROCUREMENT EFFORTS

Section 2

Overview

The Purchasing / Accounts Payable Department of National Fuel Gas Distribution Corporation (NFGDC) once again was active in its Diversity Procurement Program during Calendar Year 2009. NFGDC continues to take steps to broaden vendor participation by minority, women-owned, physically challenged and small business enterprises.

Internal Efforts

- Validation of "minority, women-owned, physically-challenged business enterprise" status

The Purchasing/ Accounts Payable Department continues to update its database of active suppliers residing in National Fuel's Enterprise Resource Planning (ERP) system (i.e., PeopleSoft). National Fuel's suppliers are contacted through direct mailings in order to update key vendor/supplier information. Supplier responses are reviewed, with anomalies resolved prior to entry into the system's database. NFGDC mails out profiles for updating to approximately 12 ½ % of its active vendors on a quarterly basis, with the entire database being cycled over a two-year period.

- Internet Searches For New Vendors

The Purchasing Department's staff, when identifying potential recipient vendors of RFI's, RFP's and RFQ's, routinely searches the "web" for vendors and suppliers with whom NFGDC has not had an ongoing relationship but are qualified to meet NFGDC's particular current requirements.

NFGDC actively seeks out new vendors in order to: (1) maintain a competitiveness within the marketplace, which helps ensure reasonable prices as well as (2) to provide new vendors an opportunity to compete for business against established incumbents, potentially introducing improved technologies, functionality and service.

The Purchasing Department also pursues opportunities with vendors who "cold call" the Purchasing Department, either by phone or email, in order to introduce themselves and self-identify as being interested in establishing a supplier/vendor relationship. When such calls are received, the Purchasing staff explores such opportunities to determine whether a product/service "fit" exists and if the supplier is otherwise qualified (e.g., adequate insurance coverage, agreement on NFGDC's terms & conditions, financial stability, references).

If it appears there may be an opportunity for starting a business relationship, the vendor/supplier is either invited into the Main Office for a face-to-face meeting, and/or asked to provide information on their company, breadth of product line(s) and service(s), company history, capabilities and reference accounts. The vendor/supplier is also provided a Vendor Profile Sheet to complete and return.

NARRATIVE ON PROCUREMENT EFFORTS

External Efforts

□ Membership

NFGDC remains a member in good standing in the Upstate New York Supplier Development Council.

□ Sponsorship

With respect to its support of the Upstate New York Minority Supplier Development Council's (UNYMSDC), NFGDC was a corporate "golf hole" sponsor for the UNYMSDC's Golf Outing held in June 2009 at the Eagle Vale Golf Club in Fairport, New York.

□ Matchmaker Event

In May 2009, NFGDC participated in the Small Business Matchmaker Exposition held at the Convention Center in Buffalo, New York, sponsored by the U.S. Small Business Administration, Service Corps Of Retired Executives (SCORE) Buffalo Niagara and Business First of Buffalo. Over 30 vendors took the opportunity to introduce themselves to NFGDC and meet in one-on-one sessions to discuss product and service offerings as well as learn about NFGDC's requirements.

□ Exposition & Business Fair

In September 2009, NFGDC's Purchasing Department participated in UNYMSDC's 31st Annual Exposition & Business Fair, held at the Hyatt Regency in Rochester, New York. At the event, NFGDC met with many potential suppliers and exchanged information as to NFGDC's requirements and the suppliers' capabilities.

□ Upstate Supplier Diversity Purchasing Exchange

In October 2009, NFGDC participated in the Upstate Supplier Diversity Purchasing Exchange, which was held for the first time. The program was the result of a joint effort by the New York Power Authority, National Grid and the Empire State Development Corporation's Division of Minority and Women Business Development.

□ Utilization Of M/W/DBE Subcontractors

In 2009, NFGDC implemented a change in its message when communicating with its contractors regarding their use of M/W/DBE subcontractors. NFGDC's revised message specifically encourages its contractors to use M/W/DBE subcontractors. This message is incorporated into NFGDC's letter sent to its vendors as NFGDC solicits vendor profile updates. This new initiative began in Calendar Year 2009 and will continue.

PROCUREMENT DIVERSITY REPORT

Performance

Based on the self-identification of NFGDC's vendors and suppliers in terms of their respective status (i.e., Minority, Minority Small Business and Woman-owned Small Business), NFGDC's procurement spend for Calendar Year 2009 with these vendors and suppliers is as follows:

<u>Type</u>	<u>No. Vendors/ Suppliers</u>	<u>No. Of Vouchers</u>	<u>\$ Spend</u>
Minority (MNR)	8	212	\$ 547,742
Minority Small Business (MSB)	5	88	\$ 178,610
Physically Challenged (PBE)	4	102	\$ 27,647
Women Small Business (WSB)	<u>67</u>	<u>688</u>	<u>\$ 949,532</u>
 Total	 84	 1,090	 \$ 1,703,530
Total NFGDC Procurement (Dollars)			\$82,492,593
" " "	(Active Vendors)		3,759

% Dollar Spend (MNR + MSB + PBE + WSB) / Total NFGDC = 2.07%

% Active Vendors = 2.23%

COMMUNITY OUTREACH

Section 3

National Fuel Gas Distribution Corporation has been active in many aspects of community outreach. Please see the summary provided below for 2009.

- **Martin Luther King, Jr. Center**

National Fuel has been a consistent financial supporter of numerous events sponsored by the Martin Luther King, Jr. Center. National Fuel employees have the opportunity to participate in the Martin Luther King, Jr. Day march held each January.

- **SafeNet**

In 2009, National Fuel has continued to support SafeNet and has just concluded the third year of a four year commitment to this agency. SafeNet is a not for profit organization of dedicated professionals and community volunteers working together to end domestic violence in Erie County, Pa. From every city and township in the area, victims and their accompanying children come to the agency seeking safety and shelter from physical abuse and threats of violence occurring in the home. SafeNet works closely with hospitals, schools, police, courts and social services to increase awareness and understanding of domestic violence.

- **Mercy Center for Women (MCW)**

The MCW was founded in January 1994 to provide long term (up to 1 year) transitional housing and support services to homeless women with or without children.

- **Ellen Curry Foundation**

National Fuel annually sponsors this foundation named after a well-known Erie Housing Authority resident and community volunteer. Funds raised by the foundation are awarded as scholarships to housing authority residents pursuing post secondary education.

COMMUNITY OUTREACH

- **Greater Erie Community Action Committee (GECAC)**

Greater Erie Community Action Committee (GECAC) is one of the top ten community action agencies in the nation. It is an organization providing facilities and services directed toward elimination of poverty or causes of poverty in the National Fuel service territory. A National Fuel Manager serves on the Advisory Board for this organization. In addition, GECAC administers National Fuel's Neighbor For Neighbor heat fund and provides approximately \$100,000 worth of weatherization services to National Fuel customers. National Fuel is a financial sponsor of GECAC's annual dinner and helps underwrite the cost of speakers who address issues affecting the minority community.

Additional Community Service and Support was provided to:

- Mercer County Branch of the N.A.A.C.P.

The statements contained in this Report are based on the best possible information available to National Fuel Gas Distribution Corporation ("National Fuel") at the time it was prepared. National Fuel hereby retains the right to supplement this Report to the extent any information is found to be incorrect. National Fuel believes that this Report contains confidential commercial and trade secret information that is protected from disclosure. National Fuel retains the right to update or supplement this Report if any of the conditions or information referenced herein change or to the extent any new information becomes available.



VALLEY ENERGY

523 S. Keystone Avenue, P.O. Box 340, Sayre, PA 18840
800/998-4427 • 570/888-9664 • FAX 570/888-6199

February 12, 2010

ORIGINAL

Secretary James J. McNulty
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Deputy Director Michael Marsico
Office of Public Liaison
508 E. Main Capitol Building
Harrisburg, PA 17120

RE: Diversity Program Report

Gentlemen:

M-009410557

Enclosed you will find the annual Diversity Program Report for Valley Energy , Inc. in accordance with requirements in Title 52, §69.809.

Please contact me with any questions. Thank you.

Sincerely,

Robert J. Crocker
President & CEO

RJC/ss

Enclosure

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SECRETARY'S BUREAU

VALLEY ENERGY, INC.
ANNUAL DIVERSITY PROGRAM ACTIVITY REPORT FOR 2009

Report Completed By: Robert J. Crocker, President & CEO, Valley Energy, Inc. Date: February 11 2010

HISTORY

The Valley Energy Minority Vendor Program began as a result of recommendations made by the Pennsylvania Public Utility Commission Bureau of Audits as reported in the June 2007 Management Audit Report.

OVERVIEW

As noted in the Bureau of Audits Management Audit the company believes it has little opportunity to purchase from minority vendors due to limited purchasing activity and the lack of minority vendors in the company's service area. Nonetheless, a Minority Vendor Program was established in November of 2007 to incorporate diversity in the business strategy for procuring goods and services.

CONTRACTORS

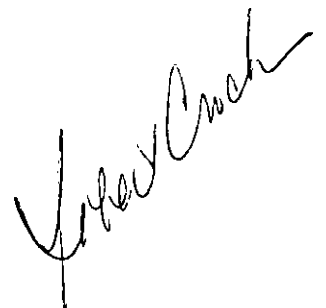
The company utilizes various contractors to provide goods and services. With the exception of the janitorial service contractor, all are specialized and would not meet the criteria for exploring the potential for minority vendors. The janitorial service contractor is a minority vendor and one of the largest vendors relative to money spent. They were contracted in 2007 and continue to be used.

PROGRAM ACTIVITY 2009

- Investigated a vendor used several years ago by the company that is minority owned. The investigation indicated that they did not offer products currently used by the company.
- Possible new vendors were contacted to inquire about minority status. Most were not minority owned and not utilized for goods or services. Two vendors were determined to be minority owned. One was not utilized due to high prices. An order was placed with the other vendor and they were unable to obtain the goods ordered.
- Began researching state vendor website for minority vendors
- Employees continue to be instructed to use a specific local vendor for miscellaneous operational items unless impractical.

2010 OBJECTIVES

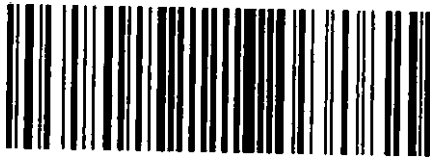
- Continue to manage the program on a continual basis.
- Continue to investigate any new potential vendor for minority status.
- Continue to ensure that current minority vendors are utilized



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National Fuel

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Ms. Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor
400 North Street
Harrisburg, PA 17120

Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

March 25, 2010

ORIGINAL

DOCUMENT
FOLDER

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MAR 25 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

- James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

**Re: PPL Electric Utilities Corporation
Report on Diversity**

Dear Mr. McNulty:

M-00940557

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is a copy of PPL Electric's "Report on Diversity to the Pennsylvania Public Utility Commission." This report is being filed pursuant to guidelines issued by the Commission's Utility Diversity Office.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on March 25, 2010, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding the enclosed report or need additional data, please call me.

Very truly yours,

Paul E. Russell

Enclosure

**REPORT ON DIVERSITY TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**



RECEIVED

MAR 25 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



**PPL Electric Utilities Corporation
March 25, 2010**

**REPORT ON DIVERSITY TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**



HUMAN RESOURCES SECTION



**PPL Electric Utilities Corporation
March 25, 2010**

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PPL Electric Utilities 2007 Workforce Composition

Job Category	Total	MALE					FEMALE				
		Black	Asian	Hispanic	Amer. Indian	White	Black	Asian	Hispanic	Amer. Indian	White
Executive/Sr Level Officials	4	0	0	0	0	3	0	0	0	0	1
First/Mid Level Officials	257	5	1	1	2	223	2	0	1	0	22
Professionals	307	4	2	3	0	223	1	3	3	0	68
Technicians	141	0	0	3	0	126	0	0	0	0	12
Administrative Support Workers	449	3	0	2	1	69	36	1	23	0	314
Craft Workers	872	33	1	10	2	808	1	0	0	0	17
Operatives	129	3	0	2	0	117	0	0	0	0	7
Laborers and Helpers	73	6	0	1	0	65	0	0	0	0	1
Total	2232	54	4	22	5	1634	40	4	27	0	442

Source: AAP Data

PPL Electric Utilities 2008 Workforce Composition

Job Category	Total	MALE					FEMALE				
		Black	Asian	Hispanic	Amer. Indian	White	Black	Asian	Hispanic	Amer. Indian	White
Executive/Sr Level Officials	5	0	0	0	0	4	0	0	0	0	1
First/Mid Level Officials	273	4	1	1	2	228	4	1	2	0	30
Professionals	326	4	3	3	0	237	1	2	3	0	73
Technicians	162	1	0	3	0	146	0	0	0	0	12
Administrative Support Workers	428	2	0	2	0	63	35	3	22	1	300
Craft Workers	796	32	1	10	2	733	1	0	0	0	17
Operatives	120	3	1	3	0	103	0	0	0	0	10
Laborers and Helpers	110	7	0	2	0	99	0	0	0	0	2
Total	2220	53	6	24	4	1613	41	6	27	1	445

Source: AAP Data

PPL Electric Utilities 2009 Workforce Composition

Job Category	Total	MALE					FEMALE				
		Black	Asian	Hispanic	Amer. Indian	White	Black	Asian	Hispanic	Amer. Indian	White
Executive/Sr Level Officials	5	0	0	0	0	5	0	0	0	0	0
First/Mid Level Officials	277	5	1	1	2	222	4	1	3	0	38
Professionals	297	2	3	3	0	216	1	1	2	0	69
Technicians	171	1	0	4	0	153	0	0	0	0	13
Administrative Support Workers	435	2	0	3	0	62	36	3	22	1	306
Craft Workers	894	36	1	10	2	827	1	0	0	0	17
Operatives	76	2	1	1	0	63	0	0	0	0	9
Laborers and Helpers	72	4	0	2	0	64	0	0	0	0	2
Total	2227	52	6	24	4	1612	42	5	27	1	454

Source: 2009 EE0-1 Report/2HRPR Query-10/14/2006

PPL ELECTRIC UTILITIES

Narrative on Affirmative Action Efforts

April 1, 2010

Introduction

PPL Corporation is an energy and utility company with headquarters in Allentown, PA. PPL is primarily engaged in the generation and marketing of electricity in two key markets – the northeast and western United States – and in the delivery of electricity in Pennsylvania and the United Kingdom. PPL Electric Utilities is responsible for the operation of United States electricity delivery business, serving 1.3 million customers in Pennsylvania.

Recruiting

PPL Electric Utilities continues its efforts to secure qualified minority and female applicants for job vacancies through aggressive recruiting. All recruitment sources – PPL Web site, Internet job boards, newspaper advertisements, etc. – include a statement supporting our commitment to Affirmative Action. Additionally, external recruitment agencies are advised of the Company's interest in seeking a diverse slate of candidates for all positions.

Community Outreach is an effective recruitment and hiring strategy to assist in meeting PPL's need for a talented, diverse and skilled workforce. PPL Electric Utilities has outreach strategies to reach job candidates in the community through workforce agencies, area vocational-technical schools, trade schools and community based organizations.

A key component of our college relations strategy is to aggressively seek women and minority students through networking with professional associations such as, the Society of Women Engineers and the National Society of Black Engineers. PPL has participated in several diversity career fairs, as part of our strategy. A large part of our college relations program focuses on new graduates for PPL Electric Utilities and this has been supported by senior management.

In 2009, PPL participated in:

- Howard University Career Fair
- Penn State University Diversity Chat
- Rochester Institute of Technology Affinity Group Reception
- Rensselaer Polytechnic Institute – National Society of Black Engineers (NSBE) and Society of Hispanic Professional Engineers (SHPE) Reception

PPL Electric Utilities is very supportive of the Company's Cooperative Education Program. The Program offers the opportunity for students to learn how to apply theories taught in the classroom. Students can clarify career goals and earn a portion of college expenses, while alternating between work and college. In 2009, PPL employed 56 students to work as Cooperative Associates; 29% were females and 18% were minorities. The Cooperative Associate Program also serves as a feeder pool for new graduate hires.

In 2009, PPL participated in the Monster Diversity Leadership Program. This was a weekend event held at Villanova University. The purpose of this event is to bring together business leaders and a select group of diverse college students. The event provides the students with an opportunity to build business skills in a dynamic and interactive environment. The PPL team attending the event included several employees from PPL Electric Utilities.

PPL has also re-established our relationship with Inroads, which is an organization that focuses on developing and placing talented minority youth in Business and Industry.

PPL's Cooperative Associate Scholarship program awards scholarships to students based on their academic achievements, work contributions, and aspirations to learn about the power industry.

Management positions are typically filled by a structured team approach to interviewing. All interviewers are trained prior to participating on an interview team. This training includes legal considerations. Interview guides are designed based on the critical competencies and behaviors for the positions. A representative from the Human Resources department serves on most interview teams to help ensure a fair and consistent process is utilized.

All applicants are encouraged to submit resumes through the PPL Career Web site to specific vacancies. These applicants then become the applicant pool for the position.

Advertising

PPL's primary source of advertising is the PPL Career Web site (www.pplweb.com). We also use local and national newspapers and various Internet job boards. In addition, job vacancies are posted on the PA Commonwealth Workforce Development System Website (www.cwds.state.pa) and sent to the Veteran's Outreach Center. PPL seeks qualified applicants without regard to race, sex, religion, national origin, color, age, disability, or veteran's status.

PPL has placed advertisements in magazines, such as the National Association for Colleges and Employers (NACE) – Job Choices-Diversity Edition.

Throughout the year, PPL is a frequent sponsor to various external organizations, such as: local branches of the NAACP, Hispanic American Organization, Latino Leadership Alliance of the LV, United Negro College Fund, and the Business Women's Forum.

Training

PPL provides programs to improve employee skills in performing their present jobs and to qualify them for higher jobs in their progression line. PPL also provides on-the-job training.

In 2009, "Managing People and Processes," a program for first-line supervisors was implemented. The program focuses on skills vital for success as a PPL leader. PPL Electric Utilities has been a strong supporter of this program and the President-PPL Electric Utilities was the sponsor of the pilot program.

PPL's Technical Training Center provides technical and safety training as part of its strategy to develop employees. Training is provided to management and union employees. Courses are delivered by a professional staff of instructors in a classroom setting and on-the-job. A sampling of subjects include: power plant electrical and mechanical maintenance, line and substation maintenance, heavy equipment operation, computer software applications and all applicable OSHA safety practices. PPL also has a Nuclear Learning Center.

A variety of training programs designed to develop and broaden management skills are available for supervisory and professional employees. Workshops focusing on team building, leadership, emotional intelligence, conflict resolution, time management, and stress management, are a sampling of the types of programs available.

PPL provides a Tuition Assistance Program for all regular, full-time employees to develop job-related knowledge and skills. Under this program, employees may enroll in courses offered by accredited educational institutions. Varying degrees of reimbursement, ranging from 80-100%, are provided for eligible courses of study.

Promotion

Most salaried positions below the level of General Manager and Director are considered for internal posting. In certain circumstances, e.g. developmental rotation assignments or succession planning, certain positions are not posted. Each manager is ultimately responsible for the selection of people. The manner in which each manager fulfills this responsibility is an important part of the manager's overall performance.

In PPL Electric Utilities in 2009, there were 67 salaried promotions in various job groups. Of these, 12 were females and three (3) were minorities.

PPL's EEO philosophy applies equally to union and non-union employees, and the Company includes a non-discrimination clause in its Labor Agreements. Policies regarding promotion, demotion, layoff, or termination are clearly covered in the Labor Agreements between the Company and Unions. Copies of the contract are presented to all union employees upon employment.

There are established lines of progression for jobs covered by the Labor Agreements, and employees advance into vacancies by seniority. Job vacancies above the entry-level and those that cannot be filled through the progression line are posted for internal bid or filled by an external hire.

Retention

PPL Electric Utilities management employees have individual development plans, which focus on continual personal and professional growth. Additionally, many employees participate in the Company's internal and external training programs.

PPL's Diversity Council continues to function as a vehicle for expanding diversity awareness throughout the Company. The Diversity Council is comprised of 15 employees, including eight (8) executives. The President-PPL Electric Utilities and the vice president – Customer Services are members. The Diversity Council provides a forum for:

- Reviewing and supporting strategies that promote a workplace that leverages the talents of all employees.
- Promoting diversity across all employee groups.
- Providing feedback on initiatives that promote diversity and individual development.
- Reviewing the implementation of initiatives and their progress toward attaining a more diverse workforce.

The Diversity Council charters four (4) Business Resources Groups, whose mission in large part is to support and encourage diversity at PPL, provide a means for employees with similar interests to work on projects and issues, offer personal and professional development opportunities and pursue community outreach.

- African American Business Resource Group
- Christian Business Resource Group
- Gay and Lesbian Organization in the Workplace
- PPL Women's Network

The President-PPL Electric Utilities is the executive sponsor for the PPL Women's Network.

**REPORT ON DIVERSITY TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**



PROCUREMENT SECTION



**PPL Electric Utilities Corporation
March 25, 2010**

2009 REPORT ON DIVERSITY

TO THE

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION**



SUPPLY CHAIN – SOURCING GROUP



**PPL ELECTRIC UTILITIES
CORPORATION**

March 23, 2010

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PPL ELECTRIC UTILITIES CORPORATION

SUMMARY OF MWBE PROGRAM AND EFFORTS

BACKGROUND

At PPL Electric Utilities Corporation ("PPL"), diversity planning applies not only to employment practices but to sourcing practices as well. PPL values diversity because its customer base is diverse and, therefore, it encourages participation in its sourcing programs by the broadest possible base of suppliers. PPL especially encourages contacts from Minority/Woman-Owned Business Enterprises (MWBEs) not only because PPL takes its social responsibilities seriously, but because it also makes good business sense to do so. By expanding its potential sources of supply, PPL fosters the competitive process which can result in significant cost savings opportunities and improved quality.

PPL's Supplier Diversity Program was developed in 1998 (Attachment A). An external website (<http://www.pplweb.com/about/supplier+diversity+policy.htm>) maintains supplier diversity information. Also available to both employees and suppliers is a PPL brochure entitled, "We Want To Do Business With You" (see Attachment B). PPL also identifies and invites contact from MWBEs by attending local and regional trade fairs for MWBEs.

Once a firm has been identified as a potential source of supply for PPL, interested firms are requested to complete a Contractor/Supplier Classification Form. The completed form is reviewed by buyer and user groups and then entered into the supplier database. Special codes are added to a firm's listing to indicate "Minority," "Woman-Owned," "Small Business," or other special categories. These indicators enable buyers to easily identify special characteristics when developing a bidders list for a particular solicitation.

In addition to the information provided in the supplier database after a potential firm has been approved, several other resources are available to buyers for identifying MWBEs. These include the SBA-Central Contractor Registration website, the Try Us National Minority Business Directory, a list of approved 8(A) (socially & economically disadvantaged) companies published by the Small Business Administration - Philadelphia District Office, and the Regional Minority Purchasing Council (RMPC). Firms listed in the directories or provided by the RMPC may be solicited by buyers prior to approval. If the MWBE shows an interest in doing business with PPL by either responding to the solicitation, or contacting PPL as a result of receiving the bid request, PPL will forward an application so that the firm may be considered for future solicitations.

INTERNAL EFFORTS

Use of MWBE suppliers is encouraged in the corporate credit card policies and procedures guidelines. Renewing awareness of the MWBE supplier program in sections of the corporation that buy numerous small dollar items locally can result in significant increase in sourcing opportunities with MWBEs.

The Supply Chain organization also maintains a website which includes a link to "Supplier Diversity."

EXTERNAL EFFORTS

- Maintain a Supplier Diversity link on the PPL external Web for Supplier Diversity: <http://www.pplweb.com/about/supplier+diversity+policy.htm>
- Attended annual Edison Electrical Institute Best Practices Workshops in New Orleans, LA.
- Member in the organizing committee with the Lehigh Valley PA Chamber of Commerce in their "Meet the Purchasers" trade show for local small businesses.
- Attended four trade show events – one in Bethlehem, Pa., one in Tannersville, Pa., one in Philadelphia, PA; and one in Atlantic City, N.J.

SUBCONTRACTING EFFORTS

Terms and Conditions on all Requests for Quote, Requests for Proposal, Purchase Orders, and Contracts contain language specific to the utilization of MWBEs. Examples of these terms and conditions follow:

Contractor shall use its best efforts to assure that Small, Small Disadvantaged and Women Owned Small Business concerns (SSDWOSBCs) are given equitable opportunity to compete for procurements resulting from this Contract. In this regard, Contractor shall comply with the requirements in 48 C.F.R. 52.219-8, which is hereby incorporated by reference.

If the total aggregate commitment hereunder exceeds \$500,000, Contractor (unless Contractor is itself a small business concern) shall adopt a plan similar to the plan required in 48 C.F.R. 52.219-9, and shall establish and conduct, or maintain, a program that enables SSDWOSBCs to have equitable opportunities to compete as subcontractors or suppliers for procurements resulting from this Contract. In this regard, Contractor shall assure that known SSDWOSBCs are given equitable opportunities to compete for subcontracts, particularly by arranging solicitations for bids and delivery schedules so as to facilitate participation by those entities, maintain records showing procedures which have been adopted to comply

with the provisions of this clause, and prepare periodic reports and cooperate in surveys as may be required by the General Services Administration or the Small Business Administration. Contractor agrees to submit reports on Standard Forms 294 or 295 to PPL annually with respect to its plan and to provide other certifications and documentation deemed reasonably necessary by PPL to show evidence of Contractor's compliance with all State and Federal rules and regulations relating to the use of SSDWOSBCs.

Contractor (except small business concerns) shall insert in any subcontract hereunder which may exceed \$500,000, provisions that conform substantially to the language of this clause.

REPORTING

PPL's supplier database, containing a supplier's name, address, telephone number, and special indicators, is used by its Accounts Payable Department to make payments. This system allows PPL to track payments to MWBEs and prepare summary reports of such payments on a quarterly basis. Goals and actual achievements of dollars spent with small business, small service disabled veteran-owned, small woman-owned, small veteran-owned, HUBZone small business (SBA-certified and verified in CCR), small disadvantaged business, minority-owned, and disability-owned business.

Note: The words "Small, Small Disadvantaged and Women-Owned Small Business Concerns" were replaced with the words "Small, Small Disadvantaged, Women-Owned and HubZone Small Business Concerns" - per GSA reporting instruction.

UTILITY SOURCING DIVERSITY REPORT

PPL ELECTRIC UTILITIES CORPORATION

DATA AS OF	TOTAL SPEND	SMALL BUSINESS **	MWBE		TOTAL MWBE	% TOTAL
			% MINORITY	% FEMALE		
DECEMBER 31, 2005	\$150,813,029	\$51,292,790	34.0%	\$4,504,948	\$55,797,738	37.0%
DECEMBER 31, 2006	\$195,436,860	\$58,207,970	29.8%	\$4,524,377	\$62,733,845	32.1%
DECEMBER 31, 2007	\$243,081,180	\$52,406,869	21.6%	\$7,377,203	\$59,784,073	24.6%
DECEMBER 31, 2008	\$220,180,419	\$45,345,057	20.6%	\$7,814,799	\$53,159,857	24.1%
DECEMBER 31, 2009	\$200,164,981	\$34,085,709	17.0%	\$6,366,294	\$40,452,953	20.2%

**For 2009, Small Business Includes:

Veteran-Owned Small Business	\$399,862
Historically Underutilized Business Zone Small Business	\$18,815
Minority Owned	\$56,090
Small Business	<u>\$33,610,940</u>
	<u>\$34,085,709</u>

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PPL ELECTRIC UTILITIES CORPORATION SUPPLIER DIVERSITY PROGRAM

Philosophy and Purpose

PPL is committed to encouraging cultural diversity and believes in providing equal opportunity to all suppliers, including diverse suppliers, i.e., small, minority-, women- and disabled-owned business enterprises. Through our Supplier Diversity Program, PPL seeks to encourage that maximum opportunity is provided to diverse suppliers who wish to participate in our procurement process.

PPL values diversity. The communities and customers we serve, as well as our employees, are diverse. PPL's commitment to the Supplier Diversity Program reflects our belief that efforts to assist diverse businesses will enhance their opportunities for success while providing PPL with needed materials and services at competitive prices.

It is our goal to include supplier diversity as an integral part of doing business, rather than by positioning it as a stand-alone program.

The PPL Supply Chain organization is responsible to administer, monitor, and report on the results of the Supplier Diversity Program. Supply Chain is responsible for coordination between suppliers and other personnel within PPL.

The Supplier Diversity Program operates in accordance with PPL's contract for electric service with the U.S. General Services Administration (GSA), and the Pennsylvania Public Utility Commission's (PUC) Utility Diversity Reporting Program. Both the GSA and the PUC requires companies, such as PPL, to develop programs to increase participation of diverse suppliers.

Corporate Policy

In general, it is PPL's corporate policy to:

- Provide all suppliers with fair and equitable opportunity to participate in the competitive process to contract for materials and services required by PPL.
- Ensure that PPL is provided with the best materials and services at the lowest evaluated life cycle cost.
- Increase utilization of diverse suppliers by proactively seeking these businesses and providing them with competitive opportunity.
- Promote mentor relationships between PPL buying personnel and diverse suppliers.
- Provide no premiums or set-asides for purchases from diverse suppliers.

Roles and Responsibilities

Supplier Diversity Program Administrator

- Establish corporate policy, procedures and annual goals
- Corporate-wide communication of program goals and results
- Program performance monitoring and reporting
- Develop internal programs to educate and train buying personnel
- Develop outreach programs to locate and identify potential diverse suppliers

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- Act as liaison between PPL, suppliers, advocacy groups, and associations
- Encourage and support mentor relationships between PPL buying personnel and diverse suppliers
- Assist diverse suppliers in their efforts to compete

All PPL employees involved in procurements

- Identify diverse suppliers and provide identification information to Supply Chain for inclusion in the supplier database
- Provide opportunities for diverse suppliers
- Develop and advance mentor relationships with diverse suppliers
- Utilize diverse suppliers in corporate card purchasing activities

Procurement Process

PPL encourages inquiries from diverse suppliers for inclusion in our supplier database. Diverse suppliers should contact PPL and request to be a potential source of supply.

Competitive bid responses are evaluated and purchase orders and contracts are awarded based on lowest evaluated life cycle cost. Suppliers are expected to perform as promised and are evaluated based on PPL's standards for quality and service. Suppliers who are not awarded business based on a competitive solicitation may request feedback to help them improve future bid submittals.

Mentor relationships are encouraged between all PPL employees involved in procurements and diverse suppliers. This mentoring initiative is focused on education in the areas of qualification requirements, formatting and presenting proposals, bid and contracting procedures, material and service requirements, and invoicing and payment schedules and procedures.

The Corporate Credit Card Program is another procurement tool that allows users to buy small dollar materials and services from diverse suppliers.

Definitions

Small Business Concerns

The term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations issued pursuant thereto. Generally, this means a small business concern organized for profit, which is independently owned and operated, is not dominant in the field of operations in which it is bidding, and meets the size standards as prescribed in government regulations.

Small Disadvantaged Business Concerns

The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern which is at least 51% owned by one or more socially and economically disadvantaged individuals or, in the case of any publicly owned business, at least 51% of the stock is owned by one or more socially and economically disadvantaged individuals. The U.S. Small Business Administration established that the net worth of an individual claiming economic disadvantage must be less than \$750,000.

Socially disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities or individuals found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act. The term "Native Americans" includes American Indians, American Eskimos, American Aleuts and Native Hawaiians. The term "Asian-Pacific Americans" includes United States citizens whose origins are from Japan, China, the Philippines, Viet Nam, Korea, Samoa, Guam, and the US Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia and Taiwan. The term "Subcontinent Asian Americans" includes US citizens whose origins are from India, Pakistan and Bangladesh.

Women-Owned Small Business Concerns

The term "women-owned small business concern" shall mean a) a small business concern which is at least 51% owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and b) whose management and daily business operations are controlled by one or more women.

Veteran-Owned Small Business Concerns

A veteran is a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

To be a veteran-owned small business (VOSB):

- One or more veterans must own at least 51 percent of the business. If publicly owned, one or more veterans must own at least 51% of the stock.
- One or more veterans must control management and daily business operations.
- The business must meet the size standards as prescribed in government regulations.

Service-Disabled Veteran-Owned Small Business Concerns

A service-disabled veteran is a veteran with a disability that incurred, or was aggravated, in the line of active military duty.

To be a service-disabled veteran-owned small business (SDVOSB):

- One or more service-disabled veterans must own at least 51 percent of the business. If publicly owned, one or more service-disabled veterans must own at least 51% of the stock.

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- One or more service-disabled veterans must control management and daily business operations. In the case of a veteran with a permanent and severe disability, the management and daily business operations are controlled by a spouse or permanent caregiver.
- The business must meet the size standards as prescribed in government regulations.

HUBZone Small Business Concerns

A HUBZone small business is one that resides in an area designated as a historically underutilized business zone and meets U.S. Small Business administration criteria, including being owned or controlled by one or more U.S. citizens and at least 35 percent of its employees must reside in a HUBZone.

Disabled-Owned Small Business Concerns

A disabled-owned business includes those businesses whose owners are disabled under the definitions of the federal Americans with Disabilities Act. This includes non-profit agencies or programs that promote the interests of the disabled or agencies that have a work force of 51 percent or more disabled workers.