

Ameren Illinois Merger Integration and Process Optimization

12/07/2010

Executive Summary Business Case and Roadmap Recommendations



On September 16, 2010, we kicked-off Phase II and set-out to achieve specific objectives and deliverables

Phase II Objectives

- Identify targeted integration opportunities that will deliver business value in 2011 – 2013
- Develop a high-level business case that can serve as an input to upcoming rate case filings
- Create an integrated and comprehensive integration roadmap



Phase II Deliverables

“As-Is” Assessment

- Integration Charter
- Benchmarking Analysis (targeted)
- “As-Is” Assessment

Idea Generation

- Opportunity Identification
- “To-Be” Conceptual Model
- Labor & Stakeholder Impacts

Business Case and Roadmap

- Integrated Business Case
- Integrated Integration Roadmap

Significant strides have been made to identify how to integrate operations and create “One Ameren Illinois”

Vision



“One Ameren Illinois”



“Marathon Not a Sprint”

Accomplishments To Date

- Met an aggressive timeline and delivery expectations
- Pushed, challenged, and elevated the teams collective ambition
- Arrived at a compelling set of fact-based, objective recommendations
- Successfully mobilized and managed Phase II integration teams
- Proactively engaged stakeholders/ SME’s through interviews and workshops
- Built ALT awareness through various presentations

A top-down, budget-driven approach was taken to develop business cases for each opportunity

Opportunity Profiles

Integration Opportunity Identification Opportunity Profile (template)

Description of Opportunity
* High Level Description (short phrase - describe the initiative and why it's beneficial)

Current Operating Practices
* Describe the current operating practice (conditions of current state & describe the current work practice)

Future Operating Practices
* Describe the future operating practice (how the current practice is going to change - one level below the description)

Complexity & Risk
* Describe the risks and mitigation actions

Integration Requirements / Dependencies
* Describe the key integration points and dependencies (e.g. right-tilt resources, etc.)

Impacts of Opportunity
* Describe the key impacts due to regulatory, labor, employees, & technology

2012 Operations Budget
* Describe the current functions/departments that will be impacted



Business Cases

Operations - Integration Opportunities (\$M)	Recurring Benefits		Recurring Costs		One-Time Benefits		One-Time Costs	
	O&M	Cap	O&M	Cap	O&M	Cap	O&M	Cap
1 Improve Asset Management and Long-Term Planning Processes	\$6.11	\$14.63	(\$1.03)	(\$0.55)	\$0.00	\$0.00	(\$2.98)	(\$2.89)
2 Enhance Design Estimating Accuracy, Standards and Data Integrity	\$0.66	\$1.47	(\$0.06)	(\$0.09)	\$0.17	\$0.31	(\$0.12)	(\$0.18)
3 Realize More Leverage from Contractor Management Strategy	\$4.61	\$1.49	(\$0.10)	(\$0.11)	\$0.00	\$0.00	(\$0.58)	(\$0.57)
4 Improve Short-Term Operations Planning Process	\$1.45	\$0.97	(\$0.68)	(\$0.36)	\$0.00	\$0.00	(\$0.96)	(\$0.90)
5 Optimize Division and Operating Center Organizational Structures	\$0.36	\$0.48	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.05)	(\$0.13)
6 Enable Field Supervisor Role to Perform More in Coaching Role	\$2.45	\$1.05	(\$1.06)	(\$0.52)	\$0.00	\$0.00	(\$0.89)	(\$0.77)
7 Optimize Scheduling and Resource Management	\$2.68	\$1.17	(\$0.46)	(\$0.59)	\$0.00	\$0.00	(\$3.36)	(\$5.30)
8 Streamline Clerical Support & Work Closeout Processes	\$0.09	\$0.04	(\$0.03)	(\$0.04)	\$0.00	\$0.00	(\$0.58)	(\$0.96)
9 Consolidate Dispatch Functions & Improve Network Data Quality	\$0.41	\$0.19	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.13)	(\$0.38)
10 Optimize Materials and Inventory Management Processes	\$0.64	\$0.66	(\$0.10)	(\$0.11)	\$3.50	\$10.50	(\$0.49)	(\$0.21)
11 Institute New Performance Accountability Management Practices	\$0.28	\$0.12	(\$0.49)	(\$0.34)	\$0.00	\$0.00	(\$1.05)	(\$1.74)
Total Benefits	\$19.73	\$22.25	(\$4.00)	(\$2.70)	\$3.67	\$10.81	(\$11.15)	(\$14.00)
2012 Operations Budget*	\$357.00	\$260.00	\$357.00	\$260.00	\$357.00	\$260.00	\$357.00	\$260.00
Benefits as a % of 2012 Operations Budget*	6%	9%	1%	1%	1%	4%	3%	5%

Business Case Approach

Step 1: Defined “What’s Possible”

- Defined value drivers (e.g., standardization, etc.) and allocations* for each value driver
- Estimated benefits based on 2012 budget and estimate of opportunities impact on budget**
- Estimated high-level costs for each value driver based on internal and external knowledge

Step 2: Defined “What’s Achievable”

- Confirmed what opportunities have labor dependencies to be negotiated in 2012
- Assumed labor benefits (for both represented and non-represented employees) to be realized through 6% employee attrition and redeployment

* Allocations = percent of value driver’s contribution to estimated benefits and high-level costs.

** Benefits realization starts after an initiative has been fully Implemented.

Multiple considerations were factored into roadmaps to balance benefits realization and integration costs

Business Cases

Operations - Integration Opportunities (\$M)	Recurring Benefits		Recurring Costs		One-Time Benefits		One-Time Costs	
	O&M	Cap	O&M	Cap	O&M	Cap	O&M	Cap
1. Improve Asset Management and Long-Term Planning Processes	\$6.11	\$14.63	(\$1.03)	(\$0.55)	\$0.00	\$0.00	(\$2.98)	(\$2.89)
2. Enhance Design Estimating Accuracy, Standards and Data Integrity	\$0.66	\$1.47	(\$0.06)	(\$0.09)	\$0.17	\$0.31	(\$0.12)	(\$0.18)
3. Realize More Leverage from Contractor Management Strategy	\$4.61	\$1.49	(\$0.10)	(\$0.11)	\$0.00	\$0.00	(\$0.58)	(\$0.57)
4. Improve Short-Term Operations Planning Process	\$1.45	\$0.97	(\$0.68)	(\$0.36)	\$0.00	\$0.00	(\$0.96)	(\$0.90)
5. Optimize Division and Operating Center Organizational Structures	\$0.36	\$0.48	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.05)	(\$0.13)
6. Enable Field Supervisor Role to Perform More in Coaching Role	\$2.45	\$1.05	(\$1.06)	(\$0.52)	\$0.00	\$0.00	(\$0.89)	(\$0.77)
7. Optimize Scheduling and Resource Management	\$2.68	\$1.17	(\$0.46)	(\$0.59)	\$0.00	\$0.00	(\$3.36)	(\$5.30)
8. Streamline Clerical Support & Work Closeout Processes	\$0.09	\$0.04	(\$0.03)	(\$0.04)	\$0.00	\$0.00	(\$0.58)	(\$0.96)
9. Consolidate Dispatch Functions & Improve Network Data Quality	\$0.41	\$0.19	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.13)	(\$0.38)
10. Optimize Materials and Inventory Management Processes	\$0.64	\$0.66	(\$0.10)	(\$0.11)	\$3.50	\$10.50	(\$0.49)	(\$0.21)
11. Institute New Performance Accountability Management Practices	\$0.28	\$0.12	(\$0.49)	(\$0.34)	\$0.00	\$0.00	(\$1.05)	(\$1.74)
Total Benefits	\$19.73	\$22.25	(\$4.00)	(\$2.70)	\$3.67	\$10.81	(\$11.15)	(\$14.00)
2012 Operations Budget*	\$357.00	\$260.00	\$357.00	\$260.00	\$357.00	\$260.00	\$357.00	\$260.00
Benefits as a % of 2012 Operations Budget*	6%	9%	1%	1%	1%	4%	3%	5%

Roadmap Approach

Key Considerations:

- Prioritization, timing, and sequencing
- Initiative scope, complexities, interdependencies
- Resource requirements and availability
- Labor dependencies and constraints
- Organization's change management capacity

Key Objectives:

- Strive for cost-neutral position for 2011 FY
- Launch "quick-wins" in 2011 to build momentum
- Front-load initiatives that require limited funding
- Sequence initiatives to minimize change impacts

Roadmaps

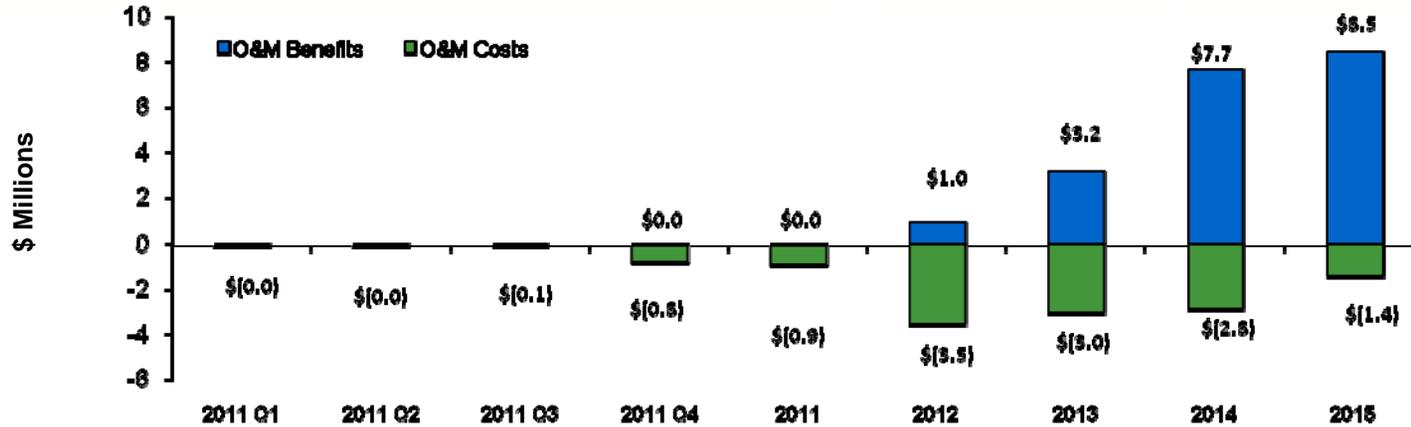
Work Stream/ Opportunity	2011				2012				2013				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Operations (continued)		Standardize Process & Deploy OMS/DMS						Consolidate Dispatch					
9. Dispatch Consolidation & Data Quality									Improve ETCR				
10. Materials & Inventory Mgmt. Processes								Refine Process Design					
								Rollout MDF					
								Reduce Inventory/Consolidate Stores					
11. Performance Management Practices		Assess						Create Performance Culture					
		Design Model											
Customer Service		Segment & Design											
1. E Bill		IT Dev.											
		Campaign Design											
2. Self Service													
		Analysis											
		ACD/IVR/Voice											
		Channel Redesign											
		IT Development											
3. Process Redesign						Process Analysis & Redesign							
						Channel Alignment							
						IT Development							
4. Customer Operations						Process Analysis							
						Process Design							
						Implementation							

Scope of the nine (9) recommended *Operations* opportunities span from tactical to foundational

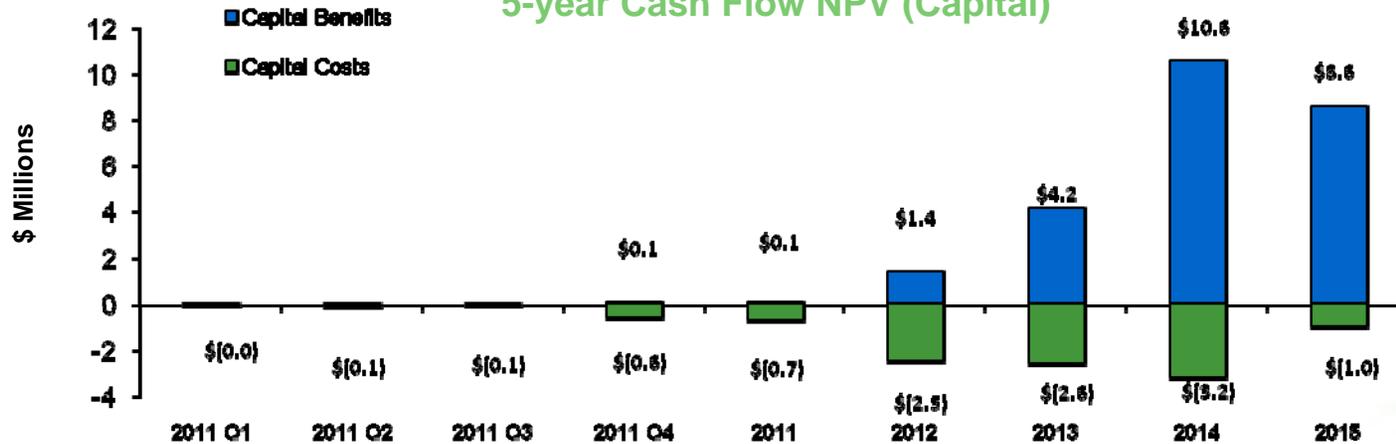
	Opportunities	Initiatives
1	Improve Asset Management & Long-Term Planning Processes	<ul style="list-style-type: none"> • Standardize asset management practices. • Develop asset management and decision-support tools. • Create an integrated plan and backlog of 10 years of work.
2	Enhance Design Estimating Accuracy and Standards	<ul style="list-style-type: none"> • Establish second Distribution Design Concept (DDC). • Standardize estimating procedures and standards (I.e, CU's/MU's, etc.) • Deploy G-Tech tool and automate document management.
3	Realize More Leverage from Contractor Management Strategy	<ul style="list-style-type: none"> • Define/seek alignment on contractor management strategy • Leverage purchasing power to secure contractor rate concessions.
4	Improve Mid-Term Operations Planning Process	<ul style="list-style-type: none"> • Standardize short-term planning process. • Develop short-term 18 month planning capability.
5	Optimize Division & Operating Center Organizational Structures	<ul style="list-style-type: none"> • Determine operating center structure that optimizes resource management. • Restructure Divisional structure (as appropriate) to support new model.
6	Enable Field Supervisors to Perform More in Coaching Role	<ul style="list-style-type: none"> • Redefine supervisor roles and responsibilities. • Enable supervisors to coach field crews more.
7	Optimize Office Support & Work Processes	<ul style="list-style-type: none"> • Standardize office support and work close-out processes. • Automate manual processes (i.e., time sheet reporting).
8	Consolidate & Standardize Dispatch Functions	<ul style="list-style-type: none"> • Develop plan to consolidate and standardize dispatch centers
9	Optimize Materials & Inventory Management Processes	<ul style="list-style-type: none"> • Further develop Materials Distribution Facility (MDF) concept.

Estimate of 5-year NPV in combined cash flows (O&M + Capital) for *Operations* is \$15.5M

5-year Cash Flow NPV (O&M)



5-year Cash Flow NPV (Capital)



- Notes:
- Tax or depreciation implications not factored into charts
 - Benefits continue to recur beyond 5 year window depicted here
 - After tax discount rate (WACC) assumed to be 8.51%
 - IRR over 5 years
 - Includes reduction in carrying costs as a result of decrease materials spend

Potential annual net recurring benefits of \$14.7M have been identified across *Operations* starting in 2015

Operations - Integration Opportunities (\$M)		Recurring Benefits		Recurring Costs		One-Time Benefits		One-Time Costs		NPV*	Full 5-Year NPV
		O&M	Cap	O&M	Cap	O&M	Cap	O&M	Cap		
1	Improve Asset Management & Long-Term Planning Processes	\$1.35	\$1.44	(\$0.31)	(\$0.26)	\$0.00	\$0.00	(\$3.22)	(\$2.99)	(\$2.76)	\$9.94
2	Enhance Design Estimating Accuracy and Standards*	\$0.35	\$0.82	(\$0.03)	(\$0.08)	\$0.42	\$1.07	(\$0.16)	(\$0.20)	\$2.86	\$7.72
3	Realize More Leverage from Contractor Management Strategy	\$2.55	\$2.53	(\$0.15)	(\$0.14)	\$0.00	\$0.00	(\$0.50)	(\$0.41)	\$8.38	\$29.43
4	Improve Mid-Term Operations Planning Process	\$1.42	\$1.07	(\$0.19)	(\$0.15)	\$0.00	\$0.00	(\$0.96)	(\$0.89)	\$0.49	\$12.45
5	Optimize Division & Operating Center Organizational Structures	\$0.15	\$0.43	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.10)	(\$0.15)	\$0.54	\$3.41
6	Enable Field Supervisors to Perform More in Coaching Role	\$2.06	\$0.88	(\$0.39)	(\$0.17)	\$0.00	\$0.00	(\$0.74)	(\$0.32)	\$1.77	\$15.07
7	Optimize Office Support & Work Processes	\$0.04	\$0.02	(\$0.09)	(\$0.08)	\$0.00	\$0.00	(\$0.56)	(\$0.95)	(\$1.50)	(\$1.43)
8	Consolidate & Standardize Dispatch Functions	\$0.06	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.06)	(\$0.19)	(\$0.11)	\$0.28
9	Optimize Materials & Inventory Management Processes*	\$0.48	\$1.36	(\$0.22)	(\$0.09)	\$1.75	\$5.25	(\$0.25)	(\$0.11)	\$5.89	\$10.58
Total Benefits and Costs*		\$8.46	\$8.58	(\$1.38)	(\$0.97)	\$2.17	\$6.32	(\$6.55)	(\$6.21)	\$15.53	\$87.46

* NPV calculated from completion of an initiative through 2015

* Includes reduction in carrying costs as a result of decrease materials spend.

Proposed *Operations* roadmap is designed to accelerate benefits while minimizing initial costs

Operations Roadmap	2011				2012				2013				2014	2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Enhance Design Estimating Accuracy and Standards														
• Establish Design & Estimating Roles & Processes														
• Centralize Designers & Enhance GIS Templates														
• Establish CU/MU, Work Methods, & Procedures Library														
• Develop Web-Based Self-Serve (for Trade Allies)														
Realize More Leverage from Contractor Mgmt. Strategy														
• Define Contractor Management Strategy														
• Initiate RFP/Bid Process														
• Establish New Performance Contracts														
Improve Asset Mgmt. & LT* Planning Processes														
• 1a. Build Centralized Asset Management Capability														
• 1a. Create Asset Mgmt. Plan Backlog (18 months)														
• 1a. Build Decision Support Tools and Integrate Systems														
• 1c. Design Strategic Asset Planning Process & Tools														
• 1b. Establish Information Governance & Data Clean-Up														All '14
Consolidate Dispatch Functions														
• Standardize Control Room Work Practices														
• Identify labor issues														
• Implement negotiated changes														

* LT = Long-Term.

Proposed *Operations* roadmap is designed to accelerate benefits while minimizing initial costs

Operations Roadmap	2011				2012				2013				2014	2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Optimize Division and Operating Center Structures														
• Complete OC Analysis and Due Diligence			■	■										
• Design New Divisional Structure & Roles					■	■								
• Consolidate Operating Centers							■	■	■	■	■	■		
Optimize Materials and Inventory Mgmt.														
• Identify labor issues					■	■								
• Assess MDF Inventory Levels						■								
• Implement negotiated changes							■							
• Complete Materials Recovery/Clean-Out							■	■	■					
Enable Field Supervisors as Coaches														
• Redesign/Redefine Field Supervisor Roles							■	■	■	■				
• Complete Field Supervisor Training								■	■	■				
Optimize Office Support & Work Processes														
• Standardize Roles & Processes & Reassign Work							■	■	■					
• Automate Work Close-Out Processes								■	■	■	■			
Improve Mid-Term Operations Planning Process														
• Establish Mid-Term Planning Roles & Processes							■	■						
• Build Mid-Term Planning Tools											■	■	Q1*	
• Initiate Scenario Analysis and Enhanced Planning													All '14	



* End-date.

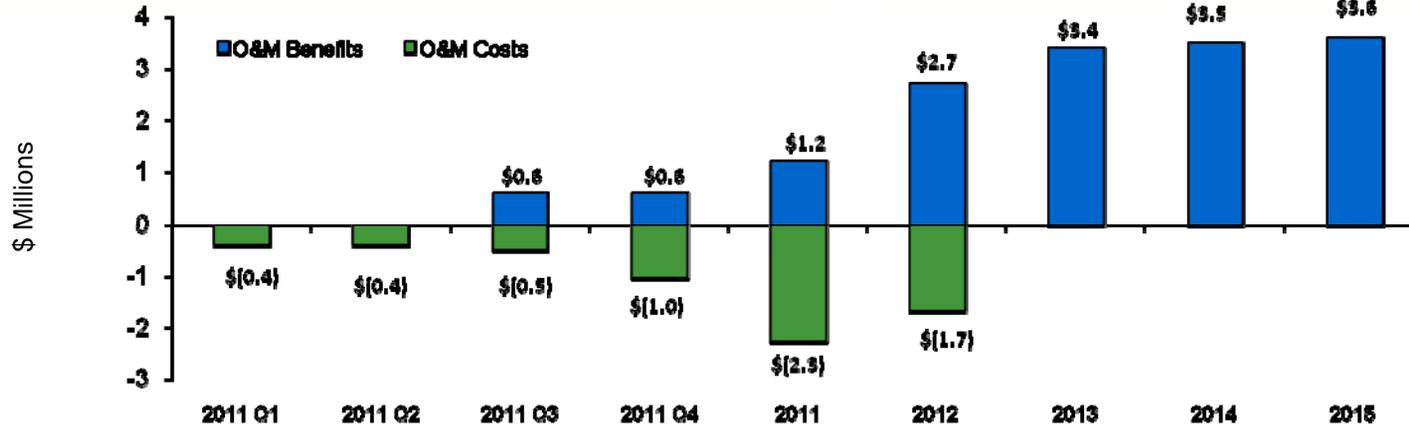
Scope of the four (4) recommended *Customer Service* opportunities span from tactical to foundational

	Opportunities	Initiatives
1	<p>Increase E-Bill Usage and Reduce Billing Cost</p>	<ul style="list-style-type: none"> • Analyze the Customer database and append readily available demographic and industry data to determine target Customer groups for electronic billing and payment. • Increase E Bill usage from 10% to 20% to reduce billing and postage costs. • Drive new marketing campaigns across channels and implement best practice models for sign up and retention • Fix the billing cycle communications process for E Bill customers.
2	<p>Reduce Call Center Volume/Improve Self Service Options & Channels</p>	<ul style="list-style-type: none"> • Analyze ACD and IVR data and voice records to determine “why customers call”. • Determine the root cause of repeat calls and repeat callers and eliminate them. • Improve IVR and Web Self Service Options and drive Customers to use Self Service. • Align Call Center, IVR and Web Channel processes to enable Customers to use their method of choice. • Eliminate, Prevent or Divert to Self Serve 500,000 calls per year.
3	<p>Redesign Top 5 Business Processes</p>	<ul style="list-style-type: none"> • Improve Call Center and Back Office transaction handling times by reducing manual processing, redesigning and simplifying screen flows and many-click transactions, and enhancing system functionality. • Examples of Top Business Processes include: <ul style="list-style-type: none"> - Payment Agreements - Connects - Customer Data Retrieval/Information/Maintenance - Final Bill Processing - Collections Processing
4	<p>Improve Customer Service Operations</p>	<p>A. Redesign the Key Account Support group to enhance service and reduce cost by moving Mid Market Support to the Business Call Center.</p> <p>B. Improve Billing Operations by automating no bills and WFM processing to improve productivity and reduce costs.</p> <p>C. Implement Consolidated Billing for combination electric and gas Customers. Eliminate Dual Billing.*</p>

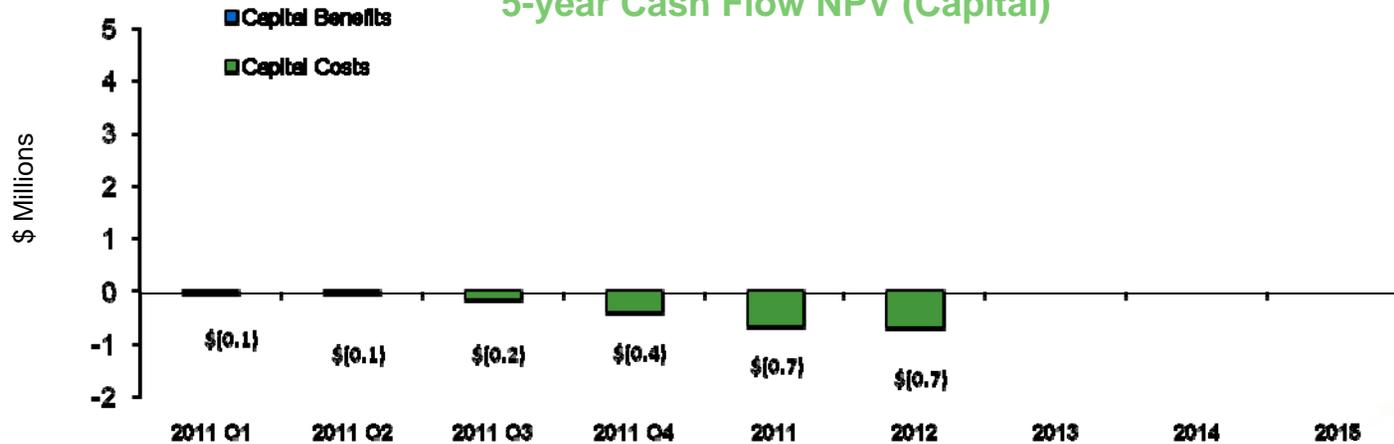
* Intangible benefits associated with customer perception and satisfaction.

Estimate of 5-year NPV in combined cash flows (O&M + Capital) for *Customer Service* is \$6.3M

5-year Cash Flow NPV (O&M)



5-year Cash Flow NPV (Capital)



Notes:

- Tax or depreciation implications not factored into charts
- Benefits continue to recur beyond 5 year window depicted here
- After tax discount rate (WACC) assumed to be 8.51%
- IRR over 5 years

Potential annual net recurring benefits of \$3.61M have been identified across *Customer Service*

Customer Service - Integration Opportunities NP		Recurring Benefits		Recurring Costs		One-Time Benefits		One-Time Costs		NPV*	Full 5-Year NPV
		O&M	Cap	O&M	Cap	O&M	Cap	O&M	Cap		
1	Increase E-Bill Usage & Reduce Billing Costs	\$0.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.78)	(\$0.11)	\$4.85	\$5.61
2	Reduce Call Center Volume and Improve Self Service Options & Channels	\$1.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.95)	(\$0.35)	\$2.11	\$2.47
3	Redesign the Top 5 Business Processes	\$0.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.07)	(\$0.60)	\$0.46	\$1.59
4	Improve Customer Service Operations (Cumulative)	\$0.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.09)	(\$0.30)	(\$1.14)	(\$1.15)
Total		\$3.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$3.89)	(\$1.36)	\$6.28	\$8.52

Proposed *Customer Service* roadmap is designed to accelerate benefits while minimizing initial costs

Customer Service Roadmap	2011				2012				2013				2014	2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Increase E-Bill Usage & Reduce Billing Costs															
• Customer Segmentation															Customer Segmentation is done once but shared between three Initiatives.
• Billing Process Improvements															
• IT Development															
• Campaign Design and Execution															
Reduce Call Center Volumes & Improve Self Service															
• Customer Analytics															Self Service is scheduled in 2011 after E-Bill due to additional cost savings opportunities.
• ACD/IVR/Voice Analysis															
• Channel Redesign															
• IT Development															
Improve Customer Service Operations															
• Consolidated Billing															Consolidated Billing is scheduled for Delivery in 2011. Key Accounts and Billing Operations follow.
• Process Analysis – Back Office Billing Operations															
• Process Analysis – Key Accounts															
• Design Process & Technology Improvements															
• Process, People and Tool Implementation															
Redesign the Top 5 Business Processes															
• Top 5 Core Process Analysis															Process Redesign is a 2012 Initiative due to higher Technology costs.
• Process/System Redesign															
• Channel Functional Alignment															
• IT Development/Implementation															

Finance, Regulatory and Gas Supply Opportunities

Opportunity	Opportunity Description
FINANCE Finance Team External Cost Savings	External spending reductions due to having one company instead of three.
Finance Team Labor Savings	Major work activities that will require less work due to having one company instead of three.
RATES & REGULATORY Rates and Regulatory Team External Cost Savings	External spending reductions due to having one company instead of three. Most of the savings relate to rate case activities with some additional savings beyond rate cases also being identified
Rates and Regulatory Team - Labor Savings	Potential full-time equivalent reduction will be evaluated once Company is no longer required to maintain legacy billing information.
GAS SUPPLY Single PGA	Develop a Single PGA proposal to include in the next AIC gas rate case anticipated to be filed in the 1 st Q 2011. If the proposal is successful, implementation could occur as early as January 2012.
<i>Eliminate Multiple Meter Stations Receiving Gas Supply from Pipeline Suppliers</i>	<i>Ameren Illinois operates and maintains two separate meter stations at Elmwood, IL that receive gas supply from PEPL and is delivered into the CILCO and IP distribution systems. With approval of a single PGA and a small capital outlay, one of the stations could be eliminated.</i>

Changes from November 2, 2010 Meeting:

Gas Supply: elimination of multiple meter stations is a new opportunity identified and added subsequent to Nov 2 meeting.

Potential annual net recurring benefits of \$0.62M have been identified across the *Infrastructure Team*

Infrastructure Teams - Integration Opportunities (\$M)		Recurring Benefits		Recurring Costs		One-Time Benefits		One-Time Costs	
		O&M	Cap	O&M	Cap	O&M	Cap	O&M	Cap
1	Finance (2012)	\$0.18	\$0.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2	Rates & Regulatory (2012)	\$0.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3	Gas Supply (2015)	\$0.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Benefits and Costs		\$0.56	\$0.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Finance: Total Savings Identified:

External:	\$ 1,500 Capital	\$130,000 O&M
Internal:	\$93,000 Capital	\$217,000 O&M

Of the savings identified, the following benefits for the Finance functions have already been reflected in the 2012 budget.

External Savings:	\$ 90,000 O&M
Internal Savings:	\$ 80,320 O&M

Regulatory: *Additional cash savings from one rate case vs. three: 2011 = \$362,450; 2012 = \$512,450; 2013 = \$147,350; 2014 = \$751,800.* Cash savings for reduced consulting costs for rate cases are recorded as a regulatory asset (deferred debit account). The amortization is spread over 24 months. The amortization for rate case regulatory assets is not built into the forecast; thus an adjustment to the 2012 forecast is not appropriate for this cost.

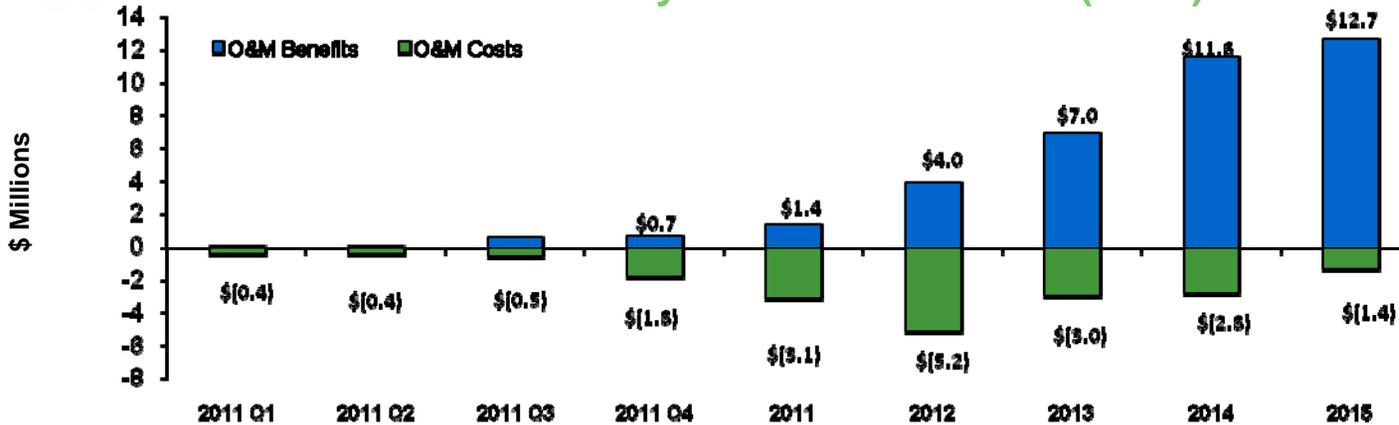
Gas Supply: *In addition, potential PGA savings of \$1.4M* - represents a flow through benefit directly to Ameren Illinois customers.

Infrastructure roadmap depicts proposed prioritization, timing, and sequencing of integration initiatives

Infrastructure Roadmap	2011				2012				2013				2014	2015
Work Stream/Opportunity	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Rates and Regulatory														
1. Conduct Reliability Customer Survey														
2. Reduce Consulting Costs														
Gas Supply														
1. Secure Approval & Implement Single PGA														
2. Eliminate Duplicate Meter Stations														
Finance														
1. Reduce Bank Fees, Auditor Fees, etc.														
2. Consolidate Filings and AIC Rate Structure														

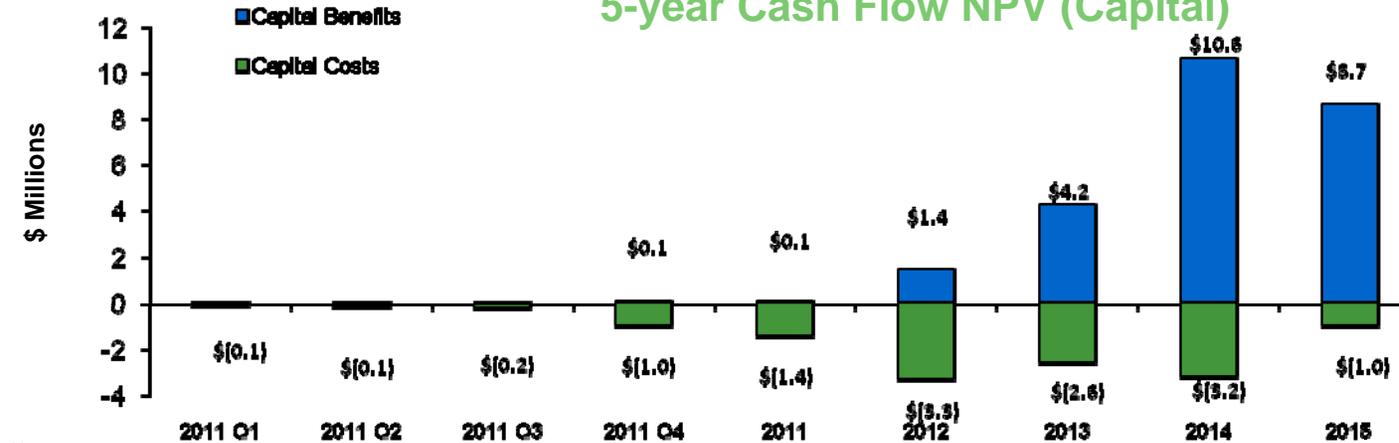
Program estimates of 5-year NPV of combined cash flows (O&M + Capital) is \$23.3M

5-year Cash Flow NPV (O&M)



O&M + Capital:
NPV (5 yrs): \$23.3M

5-year Cash Flow NPV (Capital)



Additional Benefits:
Single PGA = \$1.4M/year
Rate Case Savings =
\$0.36M in 2011
\$0.51M in 2012
\$0.15M in 2013
\$0.75M in 2014

- Notes:
- Tax or depreciation implications not factored into charts
 - Benefits continue to recur beyond 5 year window depicted here
 - After tax discount rate (WACC) assumed to be 8.51%
 - IRR over 5 years
 - Includes reduction in carrying costs as a result of decrease materials spend