



VALLEY ENERGY

523 S. Keystone Avenue, P.O. Box 340, Sayre, PA 18840
800/998-4427 • 570/888-9664 • FAX 570/888-6199

February 13, 2008

M-00940557

Secretary James J. McNulty
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Deputy Director Michael Marsico
Office of Public Liason
508 E. Main Capitol Building
Harrisburg, PA 17120

Re: Diversity Program Report


Gentlemen:

Enclosed you will find the first annual Diversity Program Report for Valley Energy , Inc. in accordance with requirements in Title 52, §69.809.

The Valley Energy Diversity 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. The audit noted that Valley Energy only recently became subject to the Chapter 69 Guidelines.

Please contact me at 570-888-9664 if you have any questions or require further information. 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 2007

Report Completed By: Robert J. Crocker, President & CEO, Valley Energy, Inc. Date: February 2008

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. It is noted in the report that Valley Energy only recently became subject to the Chapter 69 Guidelines and was unfamiliar with the diversity guidelines and filing obligations.

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 is currently under contract with six contractors: right-of-way clearing, paving, janitorial/cleaning service, boiler maintenance (gate stations), automated meter reading project support/maintenance and gas management/procurement. With the exception of two contractors, all are specialized and would not meet the criteria for exploring the potential for minority vendors. Consideration for locating a minority paving contractor is possible however there are few in the area that offer quality that is acceptable to the local government. The other candidate is the janitorial/cleaning service. A minority vendor was located and is now providing service.

PROGRAM ACTIVITY 2007

- The policy/program was developed by the President, Vice President of Operations and the Inventory/Purchasing Agent. All employees were apprised of the program and training was provided to all Department Managers.
- A vendor list was developed and includes all vendors utilized in 2007. Categories were established for each vendor. Categories are "active" or "inactive", "goods" or "services" and "exception to the program", "sole supplier", "specialized" or "candidate for minority vendor consideration using criteria established in the program." The annual

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CONTRACTS DEPT

cost of the goods and services paid to the vendor was also listed to determine benchmarks for analyzing the results of the program.

- A form was developed that was sent to all vendors considered to be candidates for consideration in November 2007 to inquire about their status in regards to being a minority vendor. As forms are returned, they are used to determine where effort will be made to locate minority vendors.

RESULTS IN 2007

Although 2008 will involve development of the program, progress has been made in 2007. The fifth largest vendor (janitorial/cleaning service) on the potential list for consideration was changed to a minority vendor. This represents approximately 7.5% of the total dollars spent with vendors being considered for the program.

2008 ACTIVITY TO DATE

The list of vendors was updated to include all vendors utilized in 2007. A spreadsheet was developed to indicate the vendors that meet the criteria for exploring minority vendor status and potential minority vendors. The dollars spent for each vendor were also included in the analysis. With the exception of local vendors that purchasing cards were used, a total of \$136,478 was spent with 44 vendors. Of the 44 vendors, there are 17 of which more than \$1,000 was spent during the year. The 17 represent \$126,164 or more than 90% of the total. A total of \$63,452 or 46% of the total was spent with one vendor. This analysis is preliminary and further study is in process.

2008 OBJECTIVES

- The form established to survey vendors concerning their minority status will be sent to new applicable vendors in 2008.
- A second mailing will be sent to vendors who did not respond to the first request to determine minority status.
- For goods and services determined to be eligible for consideration for a minority vendor and are currently supplied by non-minority owned vendor, a search will be conducted to locate a minority vendor.
- If a minority vendor is located that meets the criteria established in the Minority Vendor Program, they will be selected as a vendor.

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Pennsylvania American Water

2008 Diversity Report

**Pennsylvania American Water
Diversity Report 2008**



M-00940557

February 27, 2008

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

Attn: James J. McNulty

Re: Diversity Report from Pennsylvania American Water

Dear Mr. McNulty:

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FEB 27 2008

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Our report is broken into two sections. Part one demonstrates our commitment to diversity and includes our Human Resources policies and practices that support our efforts. Part two covers the activities specifically related to our minority/women/persons with disabilities owned business program. Listed below are the areas that are covered.

Part 1 – Our Commitment

- Company Description
- Explanation of our Diversity Program

Part 2 - Minority/Women/Persons with Disabilities Owned Businesses Program

- Description of our Diversity Supplier Program
- Statistics on our supplier program

Pennsylvania American Water 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,

A handwritten signature in cursive script that reads "Susan L. Caruso".

Susan L. Caruso, SPHR
Manager, Human Resources
Pennsylvania American Water

Pennsylvania American Water

Susan L. Caruso, SPHR
Human Resources Manager

T 724-873-3688

F 724-743-3121

Email:

susan.caruso@amwater.com

Part 1 – Our Commitment

The Company

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 (see Appendix B for service map and rate zones)

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	

Our Diversity Program

Pennsylvania American Water's diversity vision is to create a culture where all feel valued, respected, and included. One part of the building block that makes up Pennsylvania American Water's diversity is our organizational culture. Employees not only feel respected and included, but they have an opportunity to develop and reach their full potential.

At Pennsylvania American Water, we see diversity as a vital element in creating an environment where differences are accepted, and are important to the company's success. In 2005, Pennsylvania American Water's parent company appointed a Diversity Officer to advise our executive management team and to help embed diversity into our culture and actions.

To foster such a culture, we:

- Recognize that a diverse workforce and views add value to the organization;
- Openly communicate the importance of compassion, sensitivity, benevolence, inclusiveness, and kindness; and
- Respect and encourage all employees based on their own identity, creativity, and originality.

We encourage, honor, and celebrate differences in our workforce, including race, gender, spiritual practice, age, nationality, physical capabilities, education, and personal style. Our policies show our commitment to diversity. Each new employee receives a copy of these policies on their first day of employment with Pennsylvania American Water to foster our culture of inclusion right from the start. Our policies are also listed on our company's intranet. Our policies most relevant to diversity include (see Appendix A):

- Alternative Work Schedule Policy
- Compensation and Salary Administration Policy
- Employee Referral Policy
- Employment of Relatives Policy
- Equal Employment Opportunity Policy
- Harassment Free Work Place Policy
- Internal Job Posting Policy
- No Retaliation Policy
- Relocation Policy
- Severance Policy
- Short and Long Term Disability Policy
- Sick Leave Policy
- Staffing Policy
- Tuition Assistance Policy
- Violence Free Workplace Policy
- Workplace Conduct and Behavior Policy

Recruiting Efforts

It is the policy of this company 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 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.

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 posted positions as appropriate. In 2007, Pennsylvania American Water used the follow sources to obtain candidates.

- CareerBuilder *
- NAACP
- League of Women Voters
- Office of Vocational Rehabilitation
- Harrisburg Young Professionals
- AHEDD
- Urban League of Pittsburgh
- Urban League of Broom County
- Lackawanna Human Development Agency
- Keystone Rehabilitation
- Progressive Community Center
- Scranton Business & Professional Women's Group
- Mental Health and Mental Retardation Program
- New Pittsburgh Courier (minority newspaper)

- PA Career Link
- Valleta Ritson & Co (minority recruiter)
- EOTC (organization for individuals with disabilities)
- Native American Media
- Society of Women Engineers
- Black E.O.E. Journal
- Hispanic Network Magazine
- Professional Women's Magazine
- National Society for Black Engineers
- Employee Referrals
- And local newspapers

*CareerBuilder has approximately 1,100 Diversity Partners. When a position is posted on CareerBuilder, candidates looking at a Diversity Partner's web site for a position are directed to the CareerBuilder site. A complete list of the Diversity Partners can be found on the CareerBuilder web site at www.careerbuilder.com

Pennsylvania American Water has in place, and has communicated to all employees, a strict policy forbidding harassment of any applicant or employee on account 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.

Our complaint procedure is outlined in our Respect booklet which all employees received a copy. New employees also receive a copy of this booklet upon hire. The Human Resources Department is responsible for investigating and resolving employee complaints. In cases where it is determined that discrimination has occurred, prompt action will be taken by management to remedy the situation. Pennsylvania American Water has a strict No Retaliation Policy protecting employees who report alleged wrongful conduct (see Appendix A for the No Retaliation Policy).

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 Alternative Work Schedule Policy). 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).

Promotions

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 2007, Pennsylvania American Water promoted 73 employees.

- West PA - 2007 - 41 promotions, 5 were female , 7 were minorities (5 black, 2 Hispanic)
- Central PA - 2007 - 16 promoted, 2 were female
- Northeast PA - 2007 - 16 promoted, 1 black female

Pennsylvania American Water Diversity Report 2008



Training

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 2007, Pennsylvania American Water paid \$39,720 of tuition assistance for our employees (see Appendix A for Tuition Assistance Policy).

In addition to the above opportunities, Pennsylvania American Water offers personalized development plans for career growth to all employees through the Human Resources Department.

In 2006, all employees attended an internal training session on Code of Ethics and Respect. The Respect portion of the program is directly related to Diversity and covered harassment of all types including hostile work environment and sexual harassment (see Appendix A for Harassment Free Workplace Policy). Supervisors received an additional two hour session. This session included information on what to do if they receive a complaint. Equal Opportunity and harassment policies are posted at each location and on the company's intranet. New hires receive this training with their new hire orientation. A refresher course is scheduled to take place in the Fall of 2008.

Workforce Composition

These numbers were taken for our 2007 Affirmative Action Plan and reproduced here.

Job Categories	Total # of Employees	Males			Women		
		White	Black	Hispanic	White	Black	Hispanic
Officials and Managers	171	148	4	2	17	0	0
Professionals	42	25	1	0	15	1	0
Technicians	3	1	0	0	2	0	0
Sales Workers	0	0	0	0	0	0	0
Office and Clerical	46	7	0	0	37	2	0
Craft workers	295	256	10	3	25	0	1
Operatives	428	356	17	7	45	2	1
Laborers	1	1	0	0	0	0	0
Total	986	794	32	12	141	5	2

**Part 2 – Minority/Women/Persons with Disabilities Owned Businesses
Program**

**PENNSYLVANIA-AMERICAN WATER COMPANY
SUPPLIER DIVERSITY PROGRAM**

**2008 ANNUAL REPORT
To The
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

March 1, 2008

William E. Hardy, Jr.
Supply Chain Manager
Operations Services
American Water
800 West Hersheypark Drive
Hershey, PA 17033
(717) 838.6735
Email: william.hardy@amwater.com

I. Introduction

A. PURPOSE

1. The major jurisdictional utility companies are encouraged to file with the Secretary of the Commission and the Bureau of Public Liaison by March 1 of each year, beginning in 1995, an annual report describing their diversity program activity for the prior year. The annual report should contain at least the following elements:

- (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.

- (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.

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

- (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.

- (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.

- (6) Sections 69.801—69.808 and this section permit utilities to break specific categories down further than presently suggested—for example, reporting contracts awarded to Filipino Americans separately from those awarded to Asian Pacific-Americans, or reporting male and female results within minority-owned classifications. Data reported for non-minority women, may be reported separately from data reported for minority business enterprises.

B. CERTIFICATION ELIGIBILITY

Suppliers that have produced a certification of minority status from an appropriate certifying agency have been included in this report. Also, suppliers that have completed a self-certification form have been included in the WMDVBE spend report.

In order to verify that all suppliers identified in PAWC's supplier database as being diverse were, in fact, diverse, the American Water Supply Chain Department sends letters requesting evidence of each such supplier's

WMDVBE certification or sends a form for supplier self certification. Telephone contacts are also made to assist in the collection of diverse supplier certifications.

In addition to the self-certification process, Certification can be obtained from any of the following certifying entities:

- a. Commonwealth of Pennsylvania – Department of General Services
- b. Third Party Certifying Agencies, such as the Women's Business Enterprise National Council (WBENC), a National Minority Supplier Development Council (NMSDC) affiliated council, etc.

A.1. (1) Description of Internal and External Program Activities

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 2007, PAWC has made efforts to increase our number of diverse suppliers by both internal and external efforts.

Internal Effort

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, two 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.

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. Human Resources personnel, Dawn Roberts, SPHR, and Brenda Hummel, attended the Diversity Conference in Hershey on September 5, 2007. This conference focuses on diversity in the workforce and diverse suppliers.
2. Bill Hardy - Supply Chain Manager, Debbie Emposimato - Director of Supply Chain, Anne Matthews – Supply Chain Operations Manager and Greg Samuels – Supply Chain Contract Administrator, attended the "Power of Supplier Diversity" workshop sponsored by EUCI in Philadelphia, November 6 – 7, 2007. Attendance included a dinner workshop on the NARUC UMAP Initiative: Standardizing Supplier Diversity.

A.1. (2) Description of Progress

As described earlier, American Water's Supplier Diversity Program requires that at least one MWDVBE supplier should be included in every strategic sourcing process administered by the Supply Chain Department. In any product or service category that has not previously included at least one MWDVBE supplier, a proactive effort is made to find MWDVBE suppliers. Various databases are reviewed in an effort to locate diverse suppliers for each strategic sourcing effort. The Commonwealth of Pennsylvania - Department of General Services, Bureau of Women and Minority Business Opportunities is a commonly referenced database which has yielded numerous potential diverse suppliers for consideration in our Supply Chain's sourcing activities.

A.1. (3) Description of Innovative Approaches

No significant innovative approaches have been undertaken by Pennsylvania American Water Company or the Supply Chain Department to encourage minority/women/persons with disabilities-owned business development, partnering, subcontracting, joint venturing and venture capital projects.

A.1. (4) Summary of Prime Contractor Activity

Pennsylvania American Water Company and the Supply Chain Department have not tracked the second tier expenditures of prime contractors with their associated minority/women/persons with disabilities-owned business subcontractors. While we have the ability to identify which prime contractors utilize second tier minority suppliers and subcontractors, we do not have a system in place to identify the expenditures associated

with these relationships. Many of the major suppliers of products and services, such as Office Max, Ernst and Young and Automotive Resources International, utilize second tier minority suppliers but our systems do not allow us to accurately call out their minority program expenditures.

A.1. (5) Continued Classification of Exempt Procurement for Products or Services

Barriers presently preclude the inclusion of MWDVBE participation in many of Pennsylvania American Water Company's sourcing category efforts. If or when those barriers are removed, those categories will be made available to all qualified suppliers. Some sourcing categories that presently preclude MWDVBE participation include, but are not limited to, Purchased Water, Water Treatment Chemicals, Telecommunications Services, Electrical Power, and Regulatory Expenses. Unfortunately, these sourcing categories also represent a significant portion of Pennsylvania American Water Company's annual spend.

A.1. (6) Specific Category Breakdown for further Detail

No further breakdown of specific categories into detail greater than that suggested has been performed.

**Annual Supplier Diversity Program Report
For The Year Ending, December 31, 2007**

I. Company Information

Company Name: **Pennsylvania American Water Company**
Address: 800 West Hersheypark Drive
Hershey, PA 17033
Contact Person: William E. Hardy, Jr.
Title: Supply Chain Manager – American Water
Phone Number: 717.531.3287
E-mail address: william.hardy@amwater.com
PAWC President: Kathy L. Pape

II. MWDVBE Program Reporting

Expenditure and Supplier Utilization

1. What was the Company's Total Corporate Expenditures (Total Procurement Volume Including Under Agreement – Other, but excluding Non-Sourceable Spend such as taxes and inter-company transfers, etc.) for the current reporting period?

Total Corporate Expenditures: \$ 189,087,543

2. What was the Company's Total Corporate Expenditure with all Minority, Women and Disabled Veteran Business Enterprises (MWDVBE), excluding Small Businesses, for the current reporting period?

Total Corporate MBWE Expenditures: \$8,672,880

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. However, American Water has identified those suppliers with ample reporting capability. Although, due to the limitations of American Water's Enterprise Resource Planning (ERP) software, the company has not been able to accurately identify amounts of second-tier MWDVBE spending, American Water still maintains a consistent effort to encourage use of MWDVBE subcontractors.

GOALS

For 2008, it is American Water's goal to correctly identify MWDVBE spending within the internal ERP system and actively seek integration of new MWDVBE's in strategic sourcing initiatives. It is also American Water's goal to involve at least one MWDVBE in each Supply Chain strategic sourcing effort.

Appendix A

- Alternative Work Schedule Policy
- Compensation and Salary Administration Policy
- Employee Referral Policy
- Employment of Relatives Policy
- Equal Employment Opportunity Policy
- Harassment Free Work Place Policy
- Internal Job Posting Policy
- No Retaliation Policy
- Relocation Policy
- Severance Policy
- Short and Long Term Disability Policy
- Sick Leave Policy
- Staffing Policy
- Tuition Assistance Policy
- Violence Free Workplace Policy
- Workplace Conduct and Behavior Policy

Title: **Alternative Work Schedule Policy**
Functional Area: **Human Resources**
Policy Number: **hrs_emp_po_02_altworksched_2007_06_29**

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.

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.

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 reporting the number of employees assigned to alternative work schedules and the nature of the alternative work schedules.

Corporate Human Resources will report 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

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**, which allows the 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.

REVIEW/UPDATE

This policy will be reviewed annually.

Approved by:

Service Company Board

Original Adopted: November 2, 2006

Revised Adopted:

Date of Last Review: June 29, 2007

Effective Date: June 29, 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



**American
Water**

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: 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.



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.



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.

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

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.



Title: Employment of Relatives Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_05_emplmtofrel_2007_07_13

POLICY STATEMENT

Business Objective

It is the intent of American Water to hire solely on the basis of qualifications and merit, thus fostering an environment of diversity, free from favoritism and discrimination.

Statement

While American Water permits members of the same family to work for the Company, it will not accept or consider employment applications from individuals whose employment would result in an inappropriate supervisor/subordinate relationship or otherwise results in a conflict of interest. Similarly, new or on-going relationships with existing employees must be in compliance with this policy, unless an exception to this policy is granted. Management will evaluate each situation on a case-by-case basis.

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 the Human Resources Department, particularly the Regional Human Resources Departments, to monitor compliance with this policy. The Regional Human Resources Departments will provide a list of approved and requested waivers each month to Corporate Human Resources. Corporate Human Resources will maintain a master list of approved waivers for American Water.

REPORTING/METRICS

On an annual basis, Corporate Human Resources shall report to the Service Company Board the number of waivers currently approved as well as the average number of waiver request per month.

CONSEQUENCE OF NON-COMPLIANCE

Willful or knowing violations of this policy may result in disciplinary action up to and including termination of 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 before any hiring action is taken. 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 in advance.

REFERENCES

Employment of Relatives Appeals Practice

DEFINITIONS

For the purpose of this policy, a supervisor/subordinate relationship occurs when an individual has influence or control over decisions related to hiring, promotion, job assignment, discipline, salary, termination or any other term or condition of employment of a relative.

For the purpose of this policy, the term relative includes parent, spouse, child, sibling, grandparent, grandchild, aunt, uncle, cousin, in-law or step relative.

REVIEW/UPDATE

This policy will be reviewed at least every three (3) years.

Approved by:
Service Company Board

Original Adopted: January 2, 2007

Revised Adopted:

Date of Last Review: July 13, 2007

Effective Date: July 13, 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: 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.



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.



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



Revised Adopted: _____

Date of Last Review: June 15, 2007

Effective Date: June 15, 2007

Prepared By: Human Resources

Disclaimer

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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: 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



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

2 of 3
Policy Number: hrs_stf_po_02_internalposting_2007_11_16.
Date Adopted: November 16, 2007



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.

Title: **No Retaliation Policy**
Functional Area: **Human Resources**
Policy Number: **hrs_emp_po_04_noretaliaton_2006_11_02.doc**

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.

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

Human Resources, particularly Regional 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.

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:

Date of Last Review: November 2, 1006

Effective Date: November 2, 2006

Prepared By: Human Resources

Disclaimer

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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: **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.

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*

- *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.



Title: Severance Policy
Functional Area: Human Resources
Policy Number: hrs_emp_po_07_severance_2006_12_01

POLICY STATEMENT

Business Objective

The purpose of this policy is to set forth the Company's policy regarding severance and to assure fair and consistent treatment of employees.

Statement:

American Water will provide severance and other related benefits to eligible employees in the event of an involuntary termination of employment, except in the event of: (1) termination for cause (which is defined at the sole discretion of the Company); (2) death of the employee; (3) retirement; (4) qualification for total/permanent disability under a group benefit plan; (5) a reduction in force (which is determined at the sole discretion of the CEO); or (6) an opportunity for continuous employment with a successor (e.g. a sale of assets). In the event of a reduction in force, severance will only be available to the extent that a severance package is established in conjunction with the "reduction in force", as set forth in the Reduction in Force policy.

The Company may, in its sole discretion, provide severance and other related benefits to eligible employees under certain special circumstances (e.g. reorganization or relocation of a business unit or function). Eligibility for such severance and other benefits will be determined by the Senior Vice President of Human Resources.

SCOPE

This policy covers all non-bargaining unit full-time regular employees in salary level ML4 and L5 through L16 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. No severance allowance will be paid to a temporary or part-time employee.

MONITORING

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

REPORTING/METRICS

Corporate Human Resources will provide the American Water Service Company Board with an annual report identifying the number of severance agreements issued in the immediately preceding year, as well as the cost of such agreements.

CONSEQUENCE OF NON-COMPLIANCE

Willful or knowing violations of this policy may result in disciplinary action up to and including termination of 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 prior to discussing with the

Severance Policy
Human Resources
Robert McKeage

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hrs_emp_po_07_severance_2006_12_01
Date Adopted: 12/01/2006

employee. 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 before any action is taken. Any waiver must be approved by the Senior Vice President of Human Resources in advance.

REFERENCES

Reduction in Force Policy
Severance Appeals Practice

DEFINITIONS

Basic Severance Pay

An eligible employee who elects not to sign a "Waiver and Release" will receive Basic Severance Pay. Basic Severance Pay will be paid to a full-time employee who is notified of an involuntary termination (except as defined above). Basic Severance Pay will be based on the eligible employee's full years of completed service in accordance with the following schedule:

<u>Period of Service</u>	<u>Severance Pay</u>
Longer than six months but less than one year	1 day's pay for each month of service, maximum of 2 weeks (10days)
One full year but less than five years	2 weeks pay
Five full years but less than twenty-five years	3 weeks pay
Twenty-five full years and over	4 weeks of pay

Severance Pay shall be paid in a "lump sum" after the date of the employee's termination of employment. In most cases, the Enhanced Severance Pay will be processed with the next available payroll.

Annual Incentive Plan (AIP)

An employee, who is otherwise eligible to receive a payment under the Annual Incentive Plan, shall receive a pro rata Annual Incentive Award payable to the extent provided under the terms of the applicable AIP. AIP eligibility terminates on the date employment is terminated; therefore, no AIP award is accrued thereafter.

Retirement Benefits

An employee, who is otherwise eligible to receive Retirement Benefits, shall not accrue service under any American Water retirement plan after the date employment is terminated, regardless of whether Severance Pay is provided after such termination.

COBRA

An employee (and his or her dependents, if any) shall be eligible to continue to participate in the health care plans under which he or she was covered immediately prior to his or her termination of employment, as such plans may be amended from time to time pursuant to the federal COBRA law. The employee will be billed appropriately for coverage(s) elected under COBRA.

Enhanced Severance Pay

In order to obtain the benefits of the Enhanced Severance, the employee shall be required to execute a waiver and release of claims ("Waiver and Release") against the Company. Enhanced Severance includes Enhanced Severance Pay, Company-paid COBRA Coverage, Outplacement Services and Employee Assistance. Enhanced Severance pay is in lieu of Basic Severance pay. Enhanced Severance Pay will be made at the weekly rate of the eligible employee's annual base salary in effect as of the date of termination of employment. Enhanced Severance Pay shall be paid in a "lump sum" after the date of the employee's termination of employment and after receipt of a signed Waiver and Release as defined below. In most cases, the Enhanced Severance Pay will be processed with the next available payroll, but in no event will the Enhanced Severance Pay be issued earlier than eight days after the date the Company receives an executed Waiver and Release. Payment will be made in accordance with the Company's normal payroll practices (or some other agreed upon form), net of applicable taxes and other deductions.

Participation

An employee who becomes eligible for Enhanced Severance Pay under this policy will be notified by Human Resources. In order to obtain the benefits of the Enhanced Severance, the employee shall be required to execute a Waiver and Release. An employee who executes the Waiver and Release will be referred to herein as a "Participant." The Company shall have no obligation to an employee under this policy until the employee timely executes a Waiver and Release. Failure to execute the Waiver and Release will result in the employee only being eligible for the Basic Severance and such other benefits as the employee may be entitled.

Enhanced Severance Pay

Enhanced Severance Pay will be based on a Participant's full years of completed service based on the following:

- For each full year of service up to twenty (20) years, one (1) week of base pay with a minimum severance payment as defined below.
- For each full year of service beyond twenty (20) years, one and one-half (1 ½) weeks of base pay for each full year of service.
- Maximum benefit is fifty-two (52) weeks.
- The following minimum enhanced severance benefits apply:
 - ML 4 - 26 weeks
 - L5-7 - 8 weeks
 - L8-16 - 4 weeks

Enhanced Health Care Coverage

Participants in Salary Level ML 4 to L16 will be granted one (1) week of company-paid COBRA for each full year of service, but in no case will the company-paid COBRA be less than the severance benefit identified in the chart above, nor greater than twenty six (26) weeks.

At the end of the severance period, or twenty-six (26) weeks, whichever occurs first, COBRA continuation coverage may be elected for the remaining balance of the statutory coverage period.



If a Participant is otherwise eligible to retire at the time of termination, the employee may, if eligible for retiree healthcare, begin retiree healthcare at the appropriate contribution levels after the company-paid COBRA period expires.

Outplacement Services

Each Participant shall be entitled to outplacement services through a designated provider arranged by the Company and subject to such terms and conditions as the Company, in its sole discretion, determines appropriate. No cash shall be paid in lieu of such fees and costs. Outplacement services will be provided as follows:

<u>Salary Level</u>	<u>Length of Program</u>
ML4	up to 6 months
L5 to L7	up to 4 months
L8 to L9	up to 3 months
L10 to L16	up to 2 months

Employee Assistance

All Participants and their dependents may continue to access the Employee Assistance Program for six (6) months.

REVIEW/UPDATE

This policy will be reviewed on an annual basis

Approved by:

Indicate: Service Company Board

Original Adopted: December 1, 2006

Revised Adopted: _____

Date of Last Review: December 1, 2006

Effective Date: December 1, 2006

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 (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.



Title: Short and Long-Term Disability Policy
Functional Area: Human Resources
Policy Number: hrs_cmp_po_06_shortandlongtermdisblty_2007_09_28

POLICY STATEMENT

Business Objective:

The purpose of this policy is to set forth the Company's policy regarding Short-Term Disability (STD) and Long-Term Disability (LTD) leaves and to assure fair and consistent treatment of employees.

Statement:

Short-Term Disability

Short-Term Disability eligibility begins on the 8th day of a disability due to illness, including pregnancy, and on the 1st day of disability due to injury when the employee is medically unable to work. The employee is required to contact the Company's STD provider (as identified in the Summary Plan document) if an absence is expected to last longer than 5 consecutive workdays.

The STD plan provides up to a maximum of twenty-six (26) weeks of STD protection and the plan pays 75% of an employee's base pay. Sick Leave and sick leave banks (as defined below) run concurrently with and offsets any benefits under the STD plan. Once all available sick leave is exhausted, an employee may elect to use earned and accrued vacation to continue pay at 100%, else the employee will receive 75% of his / her base salary up to the 26th week of medical disability. To remain eligible for continued disability benefits, an employee may not: (1) engage in outside employment; or (2) engage in other activities that may delay recovery and a return to work.

Example 1: An employee completed 10 years of service and suffers an illness or injury that lasts 15 weeks. The employee has two weeks of sick leave and a sick leave bank with 20 days:

Weeks 1 and 2	Sick Leave at 100% of base pay
Weeks 3 through 6	Sick Leave bank at 100% of base pay (concurrent with STD)
Weeks 7 through 15	STD at 75% of base pay

Note: If the employee had no available "frozen sick leave bank", and did not elect to use earned and accrued vacation, STD benefits at 75% of base pay would have started in week 3. STD payments may be reduced by any weekly amount an employee is eligible for under any Workers' Compensation or other similar law for time lost from work.

Example 2: An employee completed 30 years of service and suffers an illness or injury that lasts 40 weeks. The employee has two weeks of sick leave and a sick leave bank with 150 days:

Weeks 1 and 2	Sick Leave at 100% of base pay
Weeks 3 through 26	Sick Leave bank at 100% of base pay (exhausts STD)
Weeks 27 through 30	Sick Leave bank at 100% of base pay (concurrent with LTD)
Weeks 31 and 40	If eligible for LTD benefits, payments will be made per the plan



Employees should check the Summary Plan Description, contact the Benefits Service Center (1-866-888-8269) or ask their local Human Resources representative what benefits, if any, are available under the program.

Long-Term Disability

Eligible employees whose medical condition prevents them from returning to work at the end of the Short-Term Disability period may be eligible to apply for Long-Term Disability. In the event an employee still has sick "bank" time available at the end of the 26 weeks of STD protection, and the employee has been approved for LTD benefits, the employee must exhaust any remaining sick "bank" time. Once all available sick "bank" time is exhausted the employee may elect to use any remaining and accrued vacation before receiving LTD benefits which pay at 60% of base pay. Employees should refer to the Summary Plan Description, the Benefits Service Center for more details regarding this plan and eligibility.

Return to Work

An employee who is on an approved medical leave must return to work as soon as medically able. The employee must submit a fitness-to-return-to-duty clearance either prior to or at the time of their return to work. An employee whose absence has been designated as FMLA (Family and Medical Leave Act) leave is eligible for reinstatement as provided by the FMLA. Should an employee qualify for protection under the Americans with Disabilities Act (ADA), the Company will engage in an interactive process with the employee to identify what, if any, accommodation may be granted.

In addition to any protections an employee may have under FMLA, ADA or state family leave acts, an employee on STD or LTD may still be able to return to either the position the employee held prior to going on leave or to a similar position that is vacant and for which the employee is qualified, if the employee is able to return to work within a defined period of time based on years of service, and the position the employee held prior to the leave has not otherwise been eliminated. This period of leave will be called the "period of job protection" and the following schedule applies:

Length of Employment	Period of Job Protection
Less than 1 year	Not to exceed the period of employment before leave began
At least 1 year, but less than 5 years	12 months
5 years or more	18 months

EXCEPTION: Any employee who has received notice that he or she is on, or will be on a performance improvement plan at the time the leave commences will not be granted any job protection other than that required by law.

If an employee's STD or LTD claim is denied and the employee has filed a timely appeal (as defined in the Summary Plan Description), the employee's period of job protection will be limited to the length of the appeal process pending the outcome of the appeal, unless otherwise required by law. Employees who do not file a timely appeal will have no job protection, unless otherwise required by law.



In the event an employee is medically unable to return to work at the end of her/his "period of job protection" the employee may still continue as an active employee for an additional period of leave before her or his employment is terminated. The maximum period of leave, which includes the "period of job protection", is based on the following schedule and the employee's continued eligibility for LTD benefits. During the additional period of leave, the employee is not guaranteed any job protection.

Length of Employment	Maximum Length of Leave before Separation of Employment
	Not to exceed the period of employment before leave began
Less than 1 year	
At least 1 year, but less than 5 years	18 months
5 years or more	24 months

Any determination as to whether a leave constitutes a continuation of a prior claim or the origination of a new claim will be made per the terms of the Company's STD and LTD plans.

SCOPE

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

MONITORING

All employees are responsible for assuring their 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 each quarter the number of employees currently out on disability and any significant disciplinary actions under this policy.

CONSEQUENCE OF NON-COMPLIANCE

Employees who knowingly violate this policy may lose their disability benefits 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 in accordance with the plan documents.

REFERENCES

- Sick Leave Policy
- Family and Medical Leave Act Policy
- Short-Term Disability Summary Plan Description (SPD)



Long-Term Disability Summary Plan Description (SPD)
Benefits Service Center (1-866-888-8269)

DEFINITIONS

Eligibility for STD and LTD

Eligibility rules are defined in the Summary Plan Descriptions for the Short-Term Disability plan and the Long-Term Disability plan.

Sick Leave Banks

Eligible employees may have a "Frozen Sick Bank" based on the sick time policy in effect on June 30, 2001. Those employees must use their two weeks of annual sick leave prior to accessing sick time in their "bank". Once the "bank" has been exhausted or eliminated, it will not be reinstated. "Bank" time is paid at full pay.

REVIEW / UPDATE

This policy will be reviewed every 3 years.

Approved by: Service Company Board

Original Adopted: September 28, 2007

Revised Adopted:

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.



Title: Sick Leave Policy
Functional Area: Human Resources
Policy Number: hrs_cmp_po_04_sickleave_2007_06_29

POLICY STATEMENT

Business Objective:

The purpose of this policy is to set forth the Company's policy regarding sick leave and to assure fair and consistent treatment of employees.

Statement:

Sick Leave

American Water recognizes that employees may occasionally need to be off from work due to medical reasons. Each regular full-time employee is eligible on the first of the month following one (1) full month of continuous service for up to 10 days of sick leave at full pay per calendar year. Unless otherwise required by law, up to three (3) days of allotted annual sick leave may be used for the care of a child or spouse consistent with this policy. The Company may also require an employee to use paid sick days prior to taking an unpaid Family & Medical Leave Act (FMLA) leave, consistent with the Family and Medical Leave Act policy. Employees are required to contact the Company's Short-Term Disability provider if an absence is expected to last longer than 5 consecutive workdays.

Sick time is not earned time off. Rather, sick time is a benefit to be used only for legitimate medical reasons. Unless otherwise required by law, sick time will not be paid out at the time of separation from the Company.

Employees with serious health conditions may also be eligible for FMLA leave and/or the Short-Term Disability program. STD benefits are offset by any available and unused sick leave (including sick leave banks if available).

The Company reserves the right to require proof of the need for any absence. An employee absent on sick leave for three or more consecutive days may be required to submit a note from a health care practitioner certifying that the employee was unable to work for health reasons and is now permitted to return to work.

Part-time employees are ineligible for sick leave.

Sick Leave Accrual

New employees earn sick leave each calendar year as follows:

Hired on or before June 30	ten (10) days of sick leave
Hired on or after July 1	five (5) days of sick leave

Unused sick days cannot be carried over into the start of a new calendar year. Employees whose illness continues into a new calendar year must return to work for at least seven calendar days before receiving a new ten (10) days of sick leave allotment.

Sick Leave Banks

Some employees hired before July 1, 2001, may have a "Frozen Sick Bank" based on the sick time policy in effect on June 30, 2001. Those employees must use their two weeks of annual sick leave prior to accessing sick time in their "bank". The sick leave "bank" runs concurrently with and offset any benefits under the Short-Term Disability Plan. In no event will the



combination of sick leave, use of sick leave bank and Short-Term Disability exceed 26 weeks. In the event an employee has "bank" time still available at the end of 26 weeks and the employee is approved for Long-Term Disability (LTD) payments, the employee must use the "bank" to offset the LTD payments until the "bank" is exhausted. Once the "bank" has been exhausted or eliminated, it will not be reinstated. "Bank" time is paid at full pay.

Notice of Absence

Employees who know in advance that they will be absent for health reasons must give their supervisors advance notice, including the probable start date and duration of the absence. If a sudden illness makes it impossible for an employee to request sick leave before the workday begins, the employee should notify his / her immediate supervisor at least 30 minutes before the employee's starting time, except when circumstances do not reasonably permit. Even in circumstances where the employee cannot reasonably notify her or his supervisor 30 minutes prior to her or his scheduled starting time, it nevertheless remains the employee's responsibility to contact her or his supervisor as soon as reasonably practicable. The supervisor may establish or approve an alternative arrangement.

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

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 each quarter the number of employees currently out on sick leave and any disciplinary actions under this policy.

CONSEQUENCE OF NON-COMPLIANCE

Abusing this policy, including, but not limited to excessive absence (as determined at the company's sole discretion) and falsification of absences, is subject to disciplinary action, up to and including termination of employment. An employee's failure to call in prior to an absence or lateness may result in disciplinary action up to and including termination.

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

Family and Medical Leave Act Policy
Short and Long-Term Disability Policy
Attendance and Punctuality Policy
Requesting Time-Off Practice

DEFINITIONS

None

REVIEW / UPDATE

This policy will be reviewed every 3 years.

Approved by: Service Company Board

Original Adopted: May 4, 2007

Revised Adopted:

Date of Last Review: June 29, 2007

Effective Date: June 29, 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: Staffing Policy
Functional Area: Human Resources
Policy Number: hrs_stf_po_06_staffing_2007_09-28

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 prohibited 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 are 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.

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 employees 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

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 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.

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 Regional/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

Regional/Divisional Human Resources Director 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: _____

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.

Title: Tuition Assistance Policy
Functional Area: Human Resources
Policy Number: hrs_dev_po_02_tuitionassist_2007_06_15

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 six credit hours, or the equivalent, per semester or quarter and may not attend classes and/or study while being paid to be at work, 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.

SCOPE

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

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.

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: June 15, 2007

Date of Last Review: June 15, 2007

Effective Date: February 8, 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: **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.

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.

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



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 – Service Map & Rates

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.
30	Rustic Acres
32	Palmer, Lehman Pike
33	Winona Lakes
34	Blue Mountain Lake
35	Pine Ridge
36	Pocono Farms Assoc
37	Redstone



National Fuel

February 27, 2008

Mr. James J. McNulty, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
North Office Building, Room G23
North Street
Harrisburg, PA 17120

RECEIVED

FEB 27 2008

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

RE: Diversity 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, contact me at (716) 857-7150.

Respectfully yours,

DOCUMENT
FOLDER

Amy L. Shiley
Senior Manager-Diversity & Compliance

/cd
Enclosures

REPORT ON DIVERSITY TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION



HUMAN RESOURCES SECTION

RECEIVED

FEB 27 2008

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



**National Fuel Gas Distribution Corporation
Pennsylvania Division**

WORKFORCE COMPOSITION

Please reference the attached employee summaries for Year End 2003-2007.

**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	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)	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

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2004 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)	52	44	0	0	0	0	8	0	0	0	0
Professionals (2)	32	19	1	0	0	0	11	1	0	0	0
Technicians (3)	3	3	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)	81	18	2	0	0	0	55	3	2	0	1
Craft Workers (Skilled) (6)	52	49	3	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (7)	94	82	6	1	0	0	5	0	0	0	0
Laborers (Unskilled) (8)	16	14	0	0	1	0	1	0	0	0	0
Service Workers (9)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (10)	330	229	12	1	1	0	80	4	2	0	1

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**2003 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)	57	48	0	0	0	0	9	0	0	0	0
Professionals (2)	29	16	1	0	0	0	11	1	0	0	0
Technicians (3)	3	3	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)	87	19	2	0	0	0	59	3	2	0	2
Craft Workers (Skilled) (6)	58	54	4	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled) (7)	97	86	5	1	0	0	5	0	0	0	0
Laborers (Unskilled) (8)	15	13	0	0	1	0	1	0	0	0	0
Service Workers (9)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (10)	346	239	12	1	1	0	85	4	2	0	2

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' specification 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

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

- ensure that the processes 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 allows all employees to be aware of opportunities within the Company. The 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 will be essential. The Company's Internal Posting Program will become increasingly important in the future with respect to helping to meet our Affirmative Action goals.
 - f. Contacting the following minority and female organizations for referrals: NAACP, Secondary Schools, Colleges, and City Colleges with high minority enrollment, and the State Employment Service. National Fuel utilizes the local Job Services Office in each area, as well as the Erie American Hispanic Council and the Greater Erie Community Action Center as referral sources (see more detail in Community Outreach section).
 - g. Formal briefing sessions are available on Company premises for representatives from other recruiting sources. These briefings include: clear and concise explanations of current and future job openings,

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

- position descriptions, worker specifications, explanations of the Company's selection process and recruiting literature.
- h. Minority and female employees are actively encouraged to refer non-relative applicants.
 - i. When recruiting, advertise in minority and women's interest media, if available.
2. Advertising - When advertising employment opportunities, National Fuel Gas Distribution Corporation always includes a statement highlighting the fact that we are an Equal Opportunity Employer. With regard to its general advertising programs, the Company has been extremely sensitive to the issues of diversity. For any communications materials that depict work situations, minority and female members of the workforce are represented. Additionally, consumer informational brochures have been designed with the unique needs of our diverse customer base in mind. Any media choices are made to ensure that our messages most effectively reach our diverse customer base as well.
3. Training - The following supervisory training was offered to National Fuel Gas Distribution employees in a non-discriminatory manner:
- a. Technical Skills Training
 - b. Supervisory Introductory Program

NARRATIVE ON AFFIRMATIVE ACTION EFFORTS

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 2007, the Company experienced only five resignations. National Fuel has been successful in retaining its employees because we attempt to make National Fuel a place that provides interesting work, competitive salary and benefits packages 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, Professionals, Office and Clerical 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.

Procurement Section

Section 2

National Fuel Gas Distribution Corporation

For

Calendar Year 2007

Procurement Section

Section 2

Overview

Calendar year 2007 saw the Purchasing / Accounts Payable Department of National Fuel Gas Distribution Corporation (NFGDC) continue to be active in its Diversity Procurement Program. NFGDC has continued to take steps to help broaden vendor participation and opportunities for minority, women-owned, physically-challenged as well as small business enterprises.

Internal Efforts

- Validation of "minority, women-owned, physically-challenged business enterprise" status

The Purchasing/ Accounts Payable Department continuously updates 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 gain update key vendor/supplier information. Supplier responses are reviewed, with anomalies resolved prior to entry into the database. NFGDC sends out profiles to all of its 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, continues their standard practice of searching the "web" for vendors and suppliers with whom NFGDC has not had an ongoing relationship but are qualified to meet NFGDC's particular requirements at hand. NFGDC actively seeks out new vendors in order to: (1) help maintain a competitiveness within the marketplace, which in turn 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.

Frequently, vendors "cold call" the Purchasing department 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 "fit" exists. If it appears there may be some 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 and asked to complete a Vendor Profile Sheet.

External Efforts

In February 2007, NFGDC attended a networking event hosted by the Buffalo Niagara Partnership held at the CTG corporate headquarters in Buffalo. In addition to networking opportunities, the program also featured a presentation by Mel Gravely, which focused on the importance of Seller-Buyer collaboration.

NFGDC participated in the Amherst Chamber of Commerce's Purchasing Managers' Event in March 2007; the event's goal was to help smaller business members meet prospective Purchasing organizations. The event, held at the Westwood Country Club, was well attended by many businesses located and operating in NFGDC's service territory.

With respect to its support of the UNYRMPC, NFGDC was a corporate sponsor for the UNYRMPC's Golf Outing held in June 2007 at The Country Club of Mendon in Mendon, New York.

In May 2007, NFGDC participated in the Expo & Business Matchmaker Event 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 NFGDC's requirements.

NFGDC's Purchasing Department again participated in the Upstate New York Regional Minority Purchasing Council's (UNYRMPC) Minority Supplier's Diversity Expo Conference, held at the Rochester Riverside Convention Center in Rochester, New York in September 2007. At the event, NFGDC met with many potential vendors on the Expo floor, and where, due to the size of the event, businesses could receive individualized attention and discuss issues in depth.

In support of the Upstate New York Regional Minority Purchasing Council's Holiday Gala held at the Buffalo Niagara Partnership in December 2007. NFGDC donated and coordinated the procurement, preparation and delivery of gift bags for all the attendees.

Performance

Based on the self-identification of NFGDC's vendors and suppliers with respect to their respective status (i.e., Minority, Minority Small Business and Woman-owned Small Business). NFGDC's procurement spend for Calendar Year 2007 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)	6	120	\$ 276,615
Minority Small Business (MSB)	8	83	\$ 173,945
Women Small Business (WSB)	<u>59</u>	<u>578</u>	<u>\$ 1,536,020</u>
Total	73	781	\$ 1,986,582

Total NFGDC Procurement \$76,922,575

$\% (\text{MNR} + \text{MSB} + \text{WSB}) / \text{Total NFGDC} = 2.58\%$

Community Outreach Section

Section 3

National Fuel Gas Distribution Corporation has been active in many aspects of community outreach. Please see the summary provided below for 2007.

- **Martin Luther King Center**

National Fuel has been a consistent financial supporter of numerous events sponsored by the Martin Luther King Center. National Fuel employees participate in the Martin Luther King, Jr. Day march held each January.

- **SafeNet**

In 2007, National Fuel has strongly supported SafeNet. The Company has just concluded the first of a 5-year commitment. 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. The Company also supported the Mercy Center for Women -Women Making History Event.

- **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.

- **Greater Erie Community Action Committee (GECAC)**

Greater Erie Community Action Committee (GECAC) is one of the top ten community action agencies in the nation. With a 30 million dollar budget and employing approximately 500 people, it is an organization providing facilities and services directed toward elimination of poverty or causes of poverty in the National Fuel service territory. National Fuel's senior vice president has recently completed a 10-year term on the Board of that 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.

- **TREC**

Annually, National Fuel supports the outstanding organization TREC (Therapeutic Riding Equestrian Center) in Erie. Additionally, the Superintendent of Operations sits on the Board of Directors as the current Vice Chairman of the TREC organization. It is the intent of the TREC Board of Directors to grow and develop TREC into a premier facility (as defined by NARHA, North American Riding for the Handicapped Association), so that the many persons with disabilities in the Greater Erie Region can take advantage of the therapeutic benefits of riding.

Additional Community Service and Support was provided to:

Erie Lady Lions Hockey
Mercer County Branch of the N.A.A.C.P.
St. James African Methodist Church
Zonta Club

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.

COLUMBIA WATER COMPANY

220 LOCUST STREET, P.O. BOX 350
COLUMBIA, PA 17512

TELEPHONE: 717-684-2188

FAX: 717-684-4566

March 28, 2008

DOCUMENT
FOLDER

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

ORIGINAL

Re: Report on Diversity 2008

Dear Mr. McNulty:

M-00940557

Attached please find one (1) copy of the Report on Diversity to the Public Utility Commission for the year ending December 31, 2007 prepared by the Columbia Water Company.

Should you have any questions please contact me.

Sincerely,



David T. Lewis, P.E.
General Manager

RECEIVED

MAR 31 2008

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Copy: John Clista w/attachment
J. Elaine McDonald w/attachment

REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

RECEIVED

MAR 31 2008

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

COLUMBIA WATER COMPANY
220 Locust Street, P.O. Box 350
Columbia, PA 17512

Prepared March 2008

REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

HUMAN RESOURCES SECTION

COLUMBIA WATER COMPANY
220 Locust Street, P.O. Box 350
Columbia, PA 17512

Prepared March 2008

The Columbia Water Company has operated for many years under the premise of providing employment opportunities to all persons. The Company makes every effort possible at being an equal opportunity employer, even though a formal Affirmative Action Plan is not required due to its employment level.

Recruiting

The Company's turnover is relatively low, thus the need to recruit personnel occurs very infrequently. It is the policy of the Company to hire personnel that are qualified for the position that is open. Many of the positions within the Company require personnel that have technical skills that are specific to a water utility. Recruiting for personnel to fill these positions often occurs within the sphere of the waterworks associations and organizations and related trade groups.

Advertising

Advertising for personnel occurs in the local newspapers and within waterworks organization/trade journals. The Company makes every effort to recruit and employ qualified minorities, females, and disabled in all categories of employment. When a position is available, the following agencies have been, and will continue to be, notified of the opening: PA Career Link and the Lancaster Employment & Training Agency (LETA).

All advertisements for employment will contain the notice that the Columbia Water Company is an equal opportunity employer and that we do 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 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 has in place a general policy promoting equal employment opportunity for all employees. This policy is established in the Employee Handbook and reads as follows:

“It is the policy of the Company to eliminate and avoid discrimination against any employee or applicant for employment because of race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran’s status. Accordingly, all recruiting, hiring, and promoting for all job classifications will be made without regard to race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran’s status. The Company will make every effort to make certain that all personnel actions including, but not limited to, compensation, benefits, retirement, transfers, promotions, layoffs, and rehires from layoffs, company-sponsored training, educational programs, and facilities will be administered without regard to race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, disability, handicap or veteran’s status.”

Training of Company staff normally occurs through organizations like the Chamber of Commerce, American Water Works Association, PA Rural Water Association, and the PA Department of Environmental Resources.

Promotion

The Company encourages all employees to excel at their position 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 Columbia Water Company is a small company with a stable full-time workforce of 16 employees. The average age of all employees is 44 years. The average length of service is about 15 years.

Columbia Water Company
Work Force Composition
2007

Occupation Title	Black	Hispanic	White	Other	TOTAL	Female
Officials & Managers			8		8	1
Professionals						
Technicians						
Sales Workers						
Administrative Support Workers			2		2	2
Craft Workers			5		5	
Operatives			3		3	
Laborers and Helpers			2		2	
Service Workers						
TOTALS	0	0	20	0	20	3

The information in this table is the actual EEO-1 statistics for the year shown.

Columbia Water Company
 Work Force Composition
 2006

Occupation Title	Black	Hispanic	White	Other	TOTAL	Female
Officials & Managers			7		7	1
Professionals						
Technicians						
Sales Workers						
Administrative Support Workers			2		2	2
Craft Workers			8		8	
Operatives			5		5	
Laborers and Helpers			1		1	
Service Workers						
TOTALS	0	0	23	0	23	3

The information in this table is the actual EEO-1 statistics for the year shown.

Columbia Water Company
Work Force Composition
2005

Occupation Title	Black	Hispanic	White	Other	TOTAL	Female
Officials & Managers			7		7	1
Professionals						
Technicians						
Sales Workers						
Administrative Support Workers			2		2	2
Craft Workers			7		7	
Operatives			5		5	
Laborers and Helpers			1		1	
Service Workers						
TOTALS	0	0	22	0	22	3

The information in this table is the actual EEO-1 statistics for the year shown.

Columbia Water Company
Work Force Composition
2004

Occupation Title	Black	Hispanic	White	Other	TOTAL	Female
Officials & Managers			8		8	1
Professionals						
Technicians						
Sales Workers						
Administrative Support Workers			2		2	2
Craft Workers			7		7	
Operatives			5		5	
Laborers and Helpers			1		1	
Service Workers						
TOTALS	0	0	23	0	23	3

The information in this table is the actual EEO-1 statistics for the year shown.

Columbia Water Company
Work Force Composition
2003

Occupation Title	Black	Hispanic	White	Other	TOTAL	Female
Officials & Managers			8		8	1
Professionals						
Technicians						
Sales Workers						
Administrative Support Workers			2		2	2
Craft Workers			7		7	
Operatives			5		5	
Laborers and Helpers	1				1	
Service Workers						
TOTALS	1	0	22	0	23	3

The information in this table is the actual EEO-1 statistics for the year shown.



Description of Service Territory

The Columbia Water Company is a public water utility serving water to customers in Lancaster County, Pennsylvania. Our customers are located in Columbia Borough, Mountville Borough, West Hempfield Township, and Manor Township.



Table 1
LANCASTER COUNTY

LABOR FORCE CHARACTERISTICS
EMPLOYMENT AND UNEMPLOYMENT BY SEX, AGE, MINORITY, AND VETERAN STATUS
ANNUAL AVERAGE 2000

Sex, Age, Minority and Veteran Status	Labor Force	Percent Distribution		Unemploy- ment Rate
		Employed	Unemployed	
BOTH SEXES				
1. Total	246,300	240,175	6,125	2.5
2. White	235,825	230,525	5,325	2.3
3. Black	4,125	3,750	375	8.9
4. Other Races	6,325	5,900	425	6.8
5. Hispanic 1/	8,575	8,175	400	4.6
6. Minority Group 2/	19,025	17,825	1,200	6.3
7. Total Veteran	21,450	20,925	525	2.4
8. Vietnam-Era 3/	9,525	9,275	225	2.5
AGE				
9. 16 to 19 years	14,100	11,450	2,650	18.9
10. 20 to 21 years	9,675	9,150	525	5.5
FEMALE				
11. Total	112,500	109,500	2,975	2.7
12. Percent of both sexes	45.7	45.6	48.8	----
13. White	107,725	105,125	2,600	2.4
14. Black	2,000	1,825	175	9.0
15. Other Races	2,775	2,575	200	7.6
16. Hispanic 1/	3,350	3,175	200	5.7
17. Minority Group 2/	8,125	7,550	575	7.1

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 2000 benchmarks.

*** Number too small to be significant.

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

Lancaster																
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	243,020	110,897	45.6	221,970	91.3	8,464	2.2	10,386	4.3	3,219	1.3	287	0.1	1,723	0.7
1	Officials and Managers	24,865	7,748	31.2	23,815	95.8	325	1.3	425	1.7	175	0.7	8	0.0	119	0.5
2	Professionals	34,925	18,992	54.4	32,855	94.1	555	1.6	835	2.4	520	1.5	24	0.1	132	0.4
3	Technicians	5,875	3,829	65.2	5,610	95.5	60	1.0	130	2.2	35	0.6	4	0.1	32	0.5
4	Sales Workers	25,265	13,295	52.6	23,535	93.2	370	1.5	840	3.3	290	1.1	30	0.1	200	0.8
5	Administrative Support Workers	37,310	28,139	75.4	34,855	93.4	830	2.2	1,125	3.0	240	0.6	23	0.1	238	0.6
6	Craft Workers	27,425	1,615	5.9	25,870	94.7	300	1.1	790	2.9	220	0.8	34	0.1	105	0.4
7	Operatives	39,745	11,945	30.1	33,780	85.0	1,305	3.3	3,070	7.7	1,085	2.7	70	0.2	435	1.1
8	Laborers and Helpers	14,555	3,134	21.5	12,710	87.3	415	2.9	1,095	7.5	155	1.1	15	0.1	169	1.2
9	Service Workers	32,395	21,618	66.7	28,315	87.4	1,280	4.0	1,940	6.0	495	1.5	79	0.2	289	0.9
nona	Unemployed, with no work experience since 1995	660	382	57.9	525	79.5	14	2.1	115	17.4	4	0.6	0	0.0	4	0.6

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.

Columbia Water Company
Utilization Analysis
2007

Job Group	Number Employed	Employment		Availability		Utilization	
		Minority %	Female %	Minority %	Female %	Minority Yes/No	Female Yes/No
Officials & Managers	8	0	12.5	3.7	31.2	No	No
Professionals							
Technicians							
Sales Workers							
Administrative Support Workers	2	0	100	5.8	75.4	No	Yes
Craft Workers	5	0	0	4.9	5.9	No	No
Operatives	3	0	0	13.9	30.1	No	No
Laborers and Helpers	2	0	0	11.6	21.5	No	No
Service Workers							
TOTALS	20						

REPORT ON DIVERSITY
TO THE PENNSYLVANIA
PUBLIC UTILITY
COMMISSION

PROCUREMENT SECTION

COLUMBIA WATER COMPANY
220 Locust Street, P.O. Box 350
Columbia, PA 17512

Prepared March 2008

NARRATIVE ON M/W/DBE PROCUREMENT EFFORTS

The Columbia 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.

The Columbia Water Company adopted a Diversity in Procurement Policy to formalize our commitment to diversity in procurement. In addition, the Water Company developed and formalized a process to track diverse businesses within our buying sphere.

Employees received a copy of the Diversity in Procurement Policy and are encouraged to seek information on the presence and capabilities of diverse companies within our buying sphere. Employees were also given the Code of Business Conduct and Ethic policy, and were instructed to adhere to this policy whenever conducting company business.

When opportunities exist to engage in M/W/MBE development, partnering, joint-venturing and vendor capital projects, the Water Company will pursue these opportunities as long as they further the goals of the Water Company to provide our customers with the best possible quality water and service at a reasonable price.

Contractors are encouraged by the Water Company to utilize M/W/DBE subcontractors by reviewing our Diversity in Procurement Policy with prospective contractors during the bidding process.

Columbia Water Company

DIVERSITY IN PROCUREMENT

The Columbia 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 Columbia Water Company at a competitive price. The diverse suppliers must also be technically capable of providing the required goods or services so that our customers get the best product at the best price.

The Columbia 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 Columbia 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.

COLUMBIA WATER COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of the Company and its subsidiaries. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor or the Company's Compliance Officer, designated below, for guidance.

Those persons who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment or other association with the Company. If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Sections 13 and 14 of this Code.

1. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All directors, officers and employees of the Company must respect and obey the laws and regulations of the cities, states and countries in which we operate. Although not all directors, officers or employees are expected to know the details of these laws and regulations, it is important to seek advice from supervisors, managers or other appropriate personnel when compliance questions arise.

2. Conflicts of Interest

A "conflict of interest" exists when the private interest of a director, officer or employee interferes in any way with the interests of the Company. A conflict of interest can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her duties for the Company objectively and effectively. Conflicts of interest also arise when a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or the Compliance Officer. Any director, officer or employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Sections 13 and 14 of this Code.

3. Insider Trading

Directors, officers and employees who have access to or become aware of confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Company's business. All non-public information about the Company, as well as non-public information about our customers and companies with whom we do business should be considered confidential information.

4. Corporate Opportunities

Directors, officers and employees are prohibited from taking for themselves personally, or diverting to other persons, opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No director, officer or employee may use corporate property, information or position for personal gain.

5. Confidentiality

All directors, officers and employees of the Company must maintain the confidentiality of confidential information entrusted to them by the Company, its customers, companies with whom the Company does business or others, except when disclosure is authorized by the Board of Directors or the Compliance Officer or is required by laws or regulations. Confidential information includes all non-public information that might be harmful to the Company or companies with whom the Company does business or others, if disclosed. It also includes information that customers or companies with whom we do business have entrusted to us. The obligation to preserve confidential information continues even after your employment or other association with the Company ends.

6. Fair Dealing

The Company strives to be fair in all its business dealings. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present directors, officers or employees of other companies is prohibited. Each director, officer and employee of the Company should endeavor to respect the rights of and deal fairly with the Company's customers, companies with whom the Company does business and employees. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with

customers. No gift or entertainment should ever be offered, given, provided or accepted by any officer, director or employee of the Company, or any of their family members, unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor or the Compliance Officer any gifts or proposed gifts which you are not certain are appropriate. See also Section 10 of this Code concerning gifts and other payments to government representatives.

7. Discrimination and Harassment

The diversity of the Company's employees, consultants and contractors is a tremendous asset. The Company is firmly committed to providing equal opportunity in all aspects of employment and contractual relations and will not tolerate any unlawful discrimination or workplace harassment of any kind or violent, coercive or threatening behavior. Examples include derogatory comments based on racial or ethnic characteristics and sexual advances.

8. Record-Keeping

The Company requires honest and accurate recording and reporting of information to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many employees on occasion use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is a properly reimbursable expense, ask your supervisor or your controller.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets may not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that could be misunderstood. This policy applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, or any threat of litigation or governmental investigation, please consult the Company's President.

9. Protection and Proper Use of Company Assets

All directors, officers and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct effect on

the Company's profitability. Any suspected incident of fraud or theft should be immediately reported to your supervisor or the Compliance Officer for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of directors, officers and employees to protect the Company's assets includes the obligation to protect the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, trademarks and copyrights, as well as business, marketing and service plans, manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Company policy. It could also be illegal and result in civil or criminal penalties.

10. Payments to Government Personnel

Federal, state and local governments have a number of laws and regulations regarding business gratuities that may be accepted by government personnel. The promise, offer or delivery to an official or employee of the federal, state or local government of a gift, favor or other gratuity in violation of these laws would not only violate Company policy but could also be a criminal offense.

11. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for directors or officers may be made only by the Board of Directors or the Audit Committee and will be promptly disclosed as required by law or regulation. Waivers for other personnel may be made by such committees of the Board or officers to which the Board may delegate such authority from time to time.

12. Compliance Procedures

All directors, officers and employees must work to ensure prompt and consistent action to prevent violations of this Code. However, in some situations it is difficult to know whether a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. To reach the right solutions, you should seek to be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? Answering this question will enable you to focus on the specific action you are faced with, and the alternatives you have. Use your judgement and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. It may help to get others involved and discuss the problem.

- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, you may discuss it with the Compliance Officer. If you do not feel comfortable discussing the issue with those persons as well, you may report the issue as described in Section 14.
- Consider other applicable Company policies. If there is a specific Company policy relevant to the situation, in addition to this Code, review that policy and consider how it would apply to the situation and any reporting or other procedures set forth in that policy.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind for good faith reports of a matter you believe may be or is an ethical violation.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

13. Reporting any Illegal or Unethical Behavior

Except for complaints or concerns submitted under the Audit Committee's procedures, if you suspect that a violation of this Code has occurred or is occurring, and after considering the procedures described in Section 14 of the Code, you should immediately report the suspected violation or concern to the Compliance Officer designated by the Board of Directors. As of the date of this Code, the Compliance Officer is:

Donald H. Nikolaus
Columbia Water Company
220 Locust Street
Columbia, Pennsylvania 17512
Telephone: 717-684-2188

You may submit reports via U.S. mail, by phone or in person. You may submit complaints or concerns confidentially and anonymously. If you wish to make a report anonymously, please type your report, including the date but not your name, and deliver it via U.S. mail in an envelope marked CONFIDENTIAL. Alternatively, you may submit an anonymous report by e-mail; to do so, please be sure to send your report from an e-mail address that does not identify you as the sender. If you submit a report that is not anonymous, you may be contacted to confirm information or to obtain further information.

14. Investigation and Corrective Action

Upon receipt of a complaint under this Code, the Company will promptly investigate the complaint and will involve agencies and resources outside the Company if and when such outside involvement appears advisable or necessary. The Company will exercise discretion regarding the confidentiality of the report and investigation to the extent consistent with the need for a thorough investigation and response and taking into consideration the Company's disclosure obligations and requirements.

The Board of Directors or the Audit Committee shall conduct, or designate appropriate persons, within or outside of the Company, to conduct, any investigation concerning alleged violations of this Code by any director or Officer of the Company. The Compliance Officer or other appropriate personnel designated by the Board or the Audit Committee will conduct, or designate appropriate persons to conduct, any investigation concerning alleged violations by other officers and employees. Directors, officers and employees are expected to cooperate in internal investigations of alleged misconduct.

The Company will take all actions deemed appropriate by the Board of Directors, the Audit Committee, the President or the Compliance Officer, as applicable, as a result of any investigation. If it is determined that a director, officer or employee of the Company has violated this Code, such action may include disciplinary action, up to and including termination of employment. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code, and may include written notices to the individual involved of the determination that there has been a violation, censure, demotion or re-assignment of the individual involved, suspension with or without pay or benefits or termination of the individual's employment. In determining what action is appropriate in a particular case, the Board of Directors or other appropriate designated person shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

Any and all complaints and related information received under this Code will be retained for seven years from the date of the complaint, or such other period of time as may be required by law.

As adopted by the Board of Directors on November 23 2004.

CONFIDENTIAL

COLUMBIA WATER COMPANY

UTILITY PROCUREMENT DIVERSITY REPORT

As of December 31, 2007

	Total Company Procurement \$	Minority \$ (MBE)	% of Total	Women \$ (WBE)	% of Total	Disabled \$ (DBE)	% of Total	Total \$ (M/W/DBE)	% of Total
Direct	\$ 2,832,024	\$ 10,822	0.4%	\$ -	0.0%	\$ -	0.0%	\$ -	0.4%
Total	\$ 2,832,024	\$ 10,822	0.4%	\$ -	0.0%	\$ -	0.0%	\$ -	0.4%



2800 Pottsville Pike
PO Box 16001
Reading, PA 19612-6001

Writer's Direct No. (610) 921-6498

March 28, 2008

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
400 North Street
Commonwealth Keystone Building
2nd Floor, 1 North
Harrisburg, PA 17105-3265

Re: Annual PaPUC Diversity Filings

Dear Secretary McNulty:

M-00940557

In accordance with 52 Pa Code, Section 69.809, enclosed are the Diversity Filings for Pennsylvania Power Company, Metropolitan Edison Company, and Pennsylvania Electric Company for the twelve months ended December 31, 2007.

If you have any questions pertaining to these filings, please contact me at your convenience.

Enclosed is an extra copy of this transmittal letter and a stamped, self-addressed envelope in order that you may indicate receipt of this filing.

Sincerely,

Richard A. D'Angelo (r.p)

Richard A. D'Angelo
Manager – Rates and Regulatory Affairs, PA

cc: Karen Moury, PaPUC Director of Operations

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2007 ANNUAL REPORT ON DIVERSITY
TO THE
PENNSYLVANIA PUBLIC
UTILITY COMMISSION

HUMAN RESOURCES SECTION

PENNSYLVANIA POWER COMPANY
METROPOLITAN EDISON COMPANY
PENNSYLVANIA ELECTRIC COMPANY

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Workforce Composition

Pennsylvania Power Company (Penn Power), Metropolitan Edison Company (Met-Ed), and Pennsylvania Electric Company (Penelec) are electric utility operating companies which are wholly owned subsidiaries of FirstEnergy Corp.

The following pages summarize by EEO job category Penn Power, Met-Ed, and Penelec's workforce composition as of 12/31/2007.

**PENNSYLVANIA POWER COMPANY
WORKFORCE COMPOSITION
2007**

EEO CATEGORY	TOTAL	MALE					FEMALE				
		Caucasian	Afr-Amer	Hispanic	Asian/ Pac Is	Am Nat	Caucasian	Afr-Amer	Hispanic	Asian/ Pac Is	Am Nat
1 OFFICIALS AND MANAGERS	20	20	0	0	0	0	0	0	0	0	0
2 PROFESSIONALS	4	4	0	0	0	0	0	0	0	0	0
3 TECHNICIANS	17	13	0	0	0	0	4	0	0	0	0
4 SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0
5 OFFICE AND CLERICAL	8	0	0	0	0	0	8	0	0	0	0
6 CRAFT WORKERS (SKILLED)	142	132	1	0	2	0	6	1	0	0	0
7 OPERATIVES (SEMI SKILLED)	1	1	0	0	0	0	0	0	0	0	0
8 LABORERS (UNSKILLED)	0	0	0	0	0	0	0	0	0	0	0
9 SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0
TOTAL	192	170	1	0	2	0	18	1	0	0	0

**METROPOLITAN EDISON COMPANY
WORKFORCE COMPOSITION
2007**

EEO CATEGORY	TOTAL	MALE					FEMALE				
		Caucasian	Afr-Amer	Hispanic	Asian/ Pac Is	Am Nat	Caucasian	Afr-Amer	Hispanic	Asian/ Pac Is	Am Nat
1 OFFICIALS AND MANAGERS	87	77	3	2	0	0	5	0	0	0	0
2 PROFESSIONALS	33	19	0	1	1	0	11	0	1	0	0
3 TECHNICIANS	92	66	5	5	0	0	15	1	0	0	0
4 SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0
5 OFFICE AND CLERICAL	19	0	0	0	0	0	15	3	1	0	0
6 CRAFT WORKERS (SKILLED)	372	324	17	11	2	3	14	0	1	0	0
7 OPERATIVES (SEMI SKILLED)	16	10	2	0	0	0	4	0	0	0	0
8 LABORERS (UNSKILLED)	0	0	0	0	0	0	0	0	0	0	0
9 SERVICE WORKERS	1	1	0	0	0	0	0	0	0	0	0
TOTAL	620	497	27	19	3	3	64	4	3	0	0

**PENNSYLVANIA ELECTRIC COMPANY
WORKFORCE COMPOSITION
2007**

EEO CATEGORY	TOTAL	MALE					FEMALE				
		Caucasian	Afr-Amer	Hispanic	Asian/ Pac Is	Am Nat	Caucasian	Afr-Amer	Hispanic	Asian/ Pac Is	Am Nat
1 OFFICIALS AND MANAGERS	100	88	1	1	0	1	8	0	1	0	0
2 PROFESSIONALS	55	32	0	1	0	0	20	2	0	0	0
3 TECHNICIANS	109	93	2	2	0	0	11	1	0	0	0
4 SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0
5 OFFICE AND CLERICAL	36	0	0	0	0	0	34	1	0	0	1
6 CRAFT WORKERS (SKILLED)	475	450	11	3	1	4	6	0	0	0	0
7 OPERATIVES (SEMI SKILLED)	39	24	0	0	0	1	12	2	0	0	0
8 LABORERS (UNSKILLED)	0	0	0	0	0	0	0	0	0	0	0
9 SERVICE WORKERS	1	1	0	0	0	0	0	0	0	0	0
TOTAL	815	688	14	7	1	6	91	6	1	0	1

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Narrative on Affirmative Action Efforts

RECRUITING:

FirstEnergy's diversity recruiting strategy includes:

- Utilize intern and cooperative education programs to actively recruit and hire female and minority students who may later be considered for full-time regular employment.
- Employ search firms that have access to minority candidates in order to build diverse resources for external searches.
- Establish recruiting relationships with historically black universities and colleges.
- Recruit at diversity career fairs and events.
- Advertise in diverse websites, publications.
- Network with local diverse organizations to identify candidates.

When hiring opportunities for entry level positions occur, Penn Power, Met-Ed, and Penelec actively works with the Commonwealth of Pennsylvania CareerLink (CWDS) to seek a diverse, qualified applicant pool. All professional and technical positions are posted on Monster.com and FirstEnergy's website. Other recruiting sources include:

Recruiting Websites:

- PennEnergy.Jobs
- Utility-Worker.com
- Powerlineman.com
- TAOnline.com
- Craigs List

Colleges/universities

(to obtain a variety of race/gender candidates)

- Bowling Green University
- City College of New York
- Cleveland State University
- Eastern Michigan University
- John Carroll University
- Miami University
- NJ Institute of Technology
- Ohio State University
- Ohio University
- Penn State University
- Rutgers University
- Stevens Institute of Technology
- University of Dayton
- University of Pittsburgh
- University of Toledo
- Wooster University
- Youngstown State University
- Drexel University

Advertising

- Diversity/Careers in Engineering & Information Technology Magazine
- NACE-Job Choices Diversity issue
- Professional Association of African Americans in Human Resources
- Penn State Career Guide
- Society of Woman Engineers-2007 yearbook
- Graduation Engineer and Computer Careers
- Grove City College Career Guide
- NSBE advertisement-SWE Magazine

Diversity Events

- Society of Women Engineers (SWE) career fair
- National Society of Black Engineers (NSBE)
- American Association of Blacks in Energy national conference
- National Society of Black MBAs career fair
- Black Engineer of the Year Award Conference
- Vault/INROADS
- University of Pittsburgh Career Fair
- American Association of Blacks in Energy
- BDPA Information Technology Seminar
- National Society of Hispanic MBAs Luncheon
- Military Job Fair

FirstEnergy has partnered with a number of community colleges on a program to prepare students for employment in a variety of electrical fields, with emphasis in the Line Worker or Substation area. The course curriculum includes technical courses, laboratory training and field experience at a FirstEnergy facility. At the end of the two-year program, students can achieve an Associate of Applied Science Degree in Electric Utility Technology.

Recruiting sources are notified of FirstEnergy's equal employment opportunity / affirmative action policy and the affirmative action program and their cooperation and assistance is requested in actively recruiting and referring qualified minorities and women for all positions.

Penn Power, Met-Ed, and Penelec recruit both men and women for all jobs. There is no job for which gender is a bona fide occupational qualification. The Company's employment application and employment advertisements include the phrase "An EEO/AA Employer - M/F/D/V."

Hiring statistics and applicant flow are monitored by Human Resources on a quarterly basis.

A summary of 2007 hiring activity by EEO job category for each of the Pennsylvania operating companies is enclosed.

Narrative on Affirmative Action Efforts

TRAINING: Penn Power, Met-Ed, and Penelec provide internal training to all employees depending on the requirements of the employees' jobs. Such training includes skills training for all employees as well as supervisory development and leadership programs. In addition, FirstEnergy provides an educational assistance program which reimburses employees for expenses for external job-related education.

An overview of EEO, Affirmative Action, discriminatory harassment is presented as part of new supervisor orientation

A Women's Leadership Forum has been developed and offered to all women in professional positions, with sessions led by senior women.

RETENTION: The availability of challenging work, opportunities for learning and growth, a comprehensive benefits package and competitive pay play a part in the retention of employees. Voluntary turnover remains low.

FirstEnergy uses exit questionnaires for employees who voluntarily leave employment to better understand reasons for voluntary turnover.

PROMOTION: FirstEnergy considers a promotion to consist of an employee moving into or progressing to a job with a higher wage rate or standard rate.

Non-bargaining vacancies are made known to employees through an internal posting program to assist in identifying interested employees who meet the qualifications of a vacant position. Filling vacant positions covered under a collective bargaining agreement is subject to the provisions of that agreement.

Promotion statistics for each of the Pennsylvania operating companies are enclosed.

**PENNSYLVANIA POWER COMPANY
HIRES - 2007**

EEO CATEGORY	TOTAL	FEMALE	MINORITY
1 OFFICIALS AND MANAGERS	0	0	0
2 PROFESSIONALS	0	0	0
3 TECHNICIANS	2	0	0
4 SALES WORKERS	0	0	0
5 OFFICE AND CLERICAL	9	2	2
6 CRAFT WORKERS (SKILLED)	14	0	2
7 OPERATIVES (SEMI SKILLED)	0	0	0
8 LABORERS (UNSKILLED)	0	0	0
9 SERVICE WORKERS	0	0	0
TOTAL	25	2	4

**PENNSYLVANIA POWER COMPANY
PROMOTIONS - 2007**

EEO CATEGORY	TOTAL	FEMALE	MINORITY
1 OFFICIALS AND MANAGERS	6	0	0
2 PROFESSIONALS	6	0	0
3 TECHNICIANS	7	4	0
4 SALES WORKERS	0	0	0
5 OFFICE AND CLERICAL	0	0	0
6 CRAFT WORKERS (SKILLED)	8	0	0
7 OPERATIVES (SEMI SKILLED)	0	0	0
8 LABORERS (UNSKILLED)	0	0	0
9 SERVICE WORKERS	0	0	0
TOTAL	27	4	0

**METROPOLITAN EDISON COMPANY
HIRES - 2007**

EEO CATEGORY	TOTAL	FEMALE	MINORITY
1 OFFICIALS AND MANAGERS	0	0	0
2 PROFESSIONALS	11	2	1
3 TECHNICIANS	26	0	3
4 SALES WORKERS	0	0	0
5 OFFICE AND CLERICAL	12	0	2
6 CRAFT WORKERS (SKILLED)	13	0	1
7 OPERATIVES (SEMI SKILLED)	3	0	0
8 LABORERS (UNSKILLED)	0	0	0
9 SERVICE WORKERS	0	0	0
TOTAL	65	2	7

**METROPOLITAN EDISON COMPANY
PROMOTIONS - 2007**

EEO CATEGORY	TOTAL	FEMALE	MINORITY
1 OFFICIALS AND MANAGERS	24	0	1
2 PROFESSIONALS	10	6	1
3 TECHNICIANS	24	4	2
4 SALES WORKERS	0	0	0
5 OFFICE AND CLERICAL	2	1	1
6 CRAFT WORKERS (SKILLED)	89	5	11
7 OPERATIVES (SEMI SKILLED)	6	2	0
8 LABORERS (UNSKILLED)	0	0	0
9 SERVICE WORKERS	0	0	0
TOTAL	155	18	16

**PENNSYLVANIA ELECTRIC COMPANY
HIRES - 2007**

EEO CATEGORY	TOTAL	FEMALE	MINORITY
1 OFFICIALS AND MANAGERS	5	0	0
2 PROFESSIONALS	9	3	0
3 TECHNICIANS	17	1	0
4 SALES WORKERS	0	0	0
5 OFFICE AND CLERICAL	21	4	0
6 CRAFT WORKERS (SKILLED)	38	0	0
7 OPERATIVES (SEMI SKILLED)	1	0	0
8 LABORERS (UNSKILLED)	0	0	0
9 SERVICE WORKERS	0	0	0
TOTAL	91	8	0

**PENNSYLVANIA ELECTRIC COMPANY
PROMOTIONS - 2007**

EEO CATEGORY	TOTAL	FEMALE	MINORITY
1 OFFICIALS AND MANAGERS	20	1	2
2 PROFESSIONALS	18	8	0
3 TECHNICIANS	23	1	1
4 SALES WORKERS	0	0	0
5 OFFICE AND CLERICAL	8	4	0
6 CRAFT WORKERS (SKILLED)	75	2	3
7 OPERATIVES (SEMI SKILLED)	3	0	1
8 LABORERS (UNSKILLED)	0	0	0
9 SERVICE WORKERS	0	0	0
TOTAL	147	16	7

WORKFORCE/SERVICE TERRITORY COMPARISON

DESCRIPTION OF SERVICE TERRITORY:

Pennsylvania Power Company (Penn Power) delivers electricity to 157,000 customers within an 1,100 square mile area of western Pennsylvania.

Metropolitan Edison Company (Met-Ed) delivers electricity to 526,000 customers within 3,300 square miles of southern and southeastern Pennsylvania.

Pennsylvania Electric Company (Penelec) delivers electricity to 588,000 customers within 17,600 square miles of western Pennsylvania.

DEFINITION OF RELEVANT LABOR FORCE:

Penn Power, Met-Ed, and Penelec's goal has always been to have their workforce, at all levels of the organization; more closely mirror the communities they serve. However, in drawing comparisons, it must be kept in mind that the labor market is the pool from which an organization draws candidates in the external staffing process. It does not represent the pool of qualified candidates for any given position. In addition, labor market information includes all types of businesses and industries, both public and private. Many positions in the electric utility industry require unique skill sets or previous experience, not always adequately represented in census data and exact matches between jobs and census codes are not always possible.

The following steps were used to define the relevant labor force for purposes of this report:

- Jobs within the EEO category are matched to appropriate U. S. census codes.
- The reasonable recruiting area is defined by location and EEO category.
- The external availability of women and minorities is extracted from 2000 Census data by county or MSA and census code.
- Availability for the job group is calculated by combining and weighting the county/MSA census raw data.

WORKFORCE/RELEVANT LABOR FORCE COMPARISON:

Pennsylvania Power Company

EEO CATEGORY	TOTAL	FEMALE			MINORITY		
		#	%	Availability	#	%	Availability
1 OFFICIALS AND MANAGERS	20	0	0.00%	11.30%	0	0.00%	1.14%
2 PROFESSIONALS	4	0	0.00%	51.99%	0	0.00%	5.88%
3 TECHNICIANS	17	4	23.53%	53.08%	0	0.00%	4.95%
4 SALES WORKERS							
5 OFFICE AND CLERICAL	8	8	100.00%	72.65%	0	0.00%	9.23%
6 CRAFT WORKERS (SKILLED)	142	7	4.93%	6.90%	4	2.82%	19.37%
7 OPERATIVES (SEMI SKILLED)	1	0	0.00%	16.93%	0	0.00%	4.39%
8 LABORERS (UNSKILLED)							
9 SERVICE WORKERS							

Metropolitan Edison Company

EEO CATEGORY	TOTAL	FEMALE			MINORITY		
		#	%	Availability	#	%	Availability
1 OFFICIALS AND MANAGERS	87	5	5.75%	14.19%	5	5.75%	4.81%
2 PROFESSIONALS	33	12	36.36%	31.25%	3	9.09%	6.92%
3 TECHNICIANS	92	16	17.39%	25.60%	11	11.96%	7.19%
4 SALES WORKERS							
5 OFFICE AND CLERICAL	19	19	100.00%	79.57%	4	21.05%	7.42%
6 CRAFT WORKERS (SKILLED)	372	15	4.03%	4.12%	34	9.14%	6.84%
7 OPERATIVES (SEMI SKILLED)	16	4	25.00%	3.10%	2	12.50%	3.78%
8 LABORERS (UNSKILLED)							
9 SERVICE WORKERS	1	0	0.00%	34.96%	0	0.00%	5.34%

Pennsylvania Electric Company

EEO CATEGORY	TOTAL	FEMALE			MINORITY		
		#	%	Availability	#	%	Availability
1 OFFICIALS AND MANAGERS	100	9	9.00%	12.36%	4	4.00%	1.67%
2 PROFESSIONALS	55	22	40.00%	30.65%	3	5.45%	3.59%
3 TECHNICIANS	109	12	11.01%	36.01%	5	4.59%	2.28%
4 SALES WORKERS							
5 OFFICE AND CLERICAL	36	36	100.00%	81.02%	2	5.56%	3.48%
6 CRAFT WORKERS (SKILLED)	475	6	1.26%	1.61%	19	4%	1.29%
7 OPERATIVES (SEMI SKILLED)	39	14	35.90%	16.32%	3	9.69%	5.00%
8 LABORERS (UNSKILLED)							
9 SERVICE WORKERS	1	0	0.00%	22.52%	0	0.00%	2.42%

**Addendum to Workforce/Relevant Labor Force
Comparison**

Job group/census code match

Labors areas used to define relevant labor force

**Pennsylvania Power Company
Job group/census code match**

EEO Category	2000 Census Code(s)
Officials & Managers	002 General and Operations Managers
	030 Engineering Managers
	073 Other Business Operations Specialists
	700 First-Line Supervisors/Managers of Mechanics, Installers, and Repairers
Professionals	141 Electrical and Electronics Engineers
	524 Customer Service Representatives
Technicians	073 Other Business Operations Specialists
Office & Clerical	570 Secretaries and Administrative Assistant
	593 Office and Administrative Support Workers
Craft Workers	561 Shipping, Receiving, and Traffic Clerks
	710 Electrical and Electronics Repairers, Industrial, Utility, and Transportation Equipment
	721 Bus and Truck Mechanics and Diesel Engine Specialists
	734 Maintenance and Repair Workers, General
	741 Electrical Power-Line Installers and Repairers
	960 Industrial Truck and Tractor Operators
Operatives	710 Electrical and Electronics Repairers, Industrial, Utility, and Transportation Equipment
	962 Laborers and Freight, Stock, and Material Movers, Hand

**Pennsylvania Power Company
Labor areas used to define relevant labor force:**

EEO Category	Work Location	Labor Area(s)	Wtg %
Officials & Managers	Clark Serv Bldg	Mercer County, PA	50
		Pennsylvania	25
		United States	25
	New Castle Serv Bldg	Lawrence County, PA	50
		Pennsylvania	25
		United States	25
	New Castle Substation Shop	Lawrence County, PA	50
		Pennsylvania	25
		United States	25
	Cranberry Serv Bldg	Butler County, PA	50
		Pennsylvania	25
		United States	25
Professionals	Clark Serv Bldg	Mercer County, PA	50
		Pennsylvania	25
		United States	25
	Cranberry Serv Bldg	Butler County, PA	50
		Pennsylvania	25
		United States	25
Technicians	Clark Serv Bldg	Mercer County, PA	50
		Pennsylvania	50
	New Castle Serv Bldg	Lawrence County, PA	50
		Pennsylvania	50
	New Castle Substation Shop	Lawrence County, PA	50
		Pennsylvania	50
	Cranberry Serv Bldg	Butler County, PA	50

		Pennsylvania	50
Office & Clerical	Clark Serv Bldg	Mercer County, PA	100
	New Castle Serv Bldg	Lawrence County, PA	100
	New Castle Substation Shop	Lawrence County, PA	100
	Cranberry Serv Bldg	Butler County, PA	100
Craft Workers	Clark Serv Bldg	Mercer County, PA	50
		Pennsylvania	40
		United States	10
	McDowell Line Shop	Mercer County, PA	50
		Pennsylvania	40
		United States	10
	Hartstown Line Shop	Crawford, PA	50
		Pennsylvania	40
		United States	10
	New Castle Serv Bldg	Lawrence County, PA	50
		Pennsylvania	40
		United States	10
	New Castle Substation Shop	Lawrence County, PA	50
		Pennsylvania	40
		United States	10
	Cranberry Serv Bldg	Butler County, PA	50
		Pennsylvania	40
		United States	10
Operatives	Cranberry Serv Bldg	Butler County, PA	100

Metropolitan Edison Company
Job group/census code match

EEO Category	2000 Census Code(s)
Officials & Managers	001 Chief Executives
	002 General and Operations Managers
	013 Human Resources Managers
	030 Engineering Managers
	043 Managers, All Other
	070 Logisticians
	073 Other Business Operations Specialists
	612 Forest and Conservation Workers
	700 First-Line Supervisors/Managers of Mechanics, Installers, and Repairers
Professionals	062 Human Resources, Training, and Labor Relations Specialists
	070 Logisticians
	071 Management Analysts
	141 Electrical and Electronics Engineers
	143 Industrial Engineers, Including Health and Safety
	524 Customer Service Representatives
	570 Secretaries and Administrative Assistants
Technicians	073 Other Business Operations Specialists
	155 Engineering Technicians, Except Drafters
Office & Clerical	542 Information and Record Clerks, All Other
	570 Secretaries and Administrative Assistants
Craft Workers	561 Shipping, Receiving, and Traffic Clerks
	710 Electrical and Electronics Repairers, Industrial, Utility, and Transportation Equipment
	721 Bus and Truck Mechanics and Diesel Engine Specialists
	722 Heavy Vehicle and Mobile Equipment Service Technicians and Mechanics
	734 Maintenance and Repair Workers, General
	741 Electrical Power-Line Installers and Repairers
Operatives	975 Miscellaneous Material Moving Workers
	741 Electrical Power-Line Installers and Repairers
Service Workers	761 Helpers--Installation, Maintenance, and Repair Workers
	422 Janitors and Building Cleaners

Metropolitan Edison Company

Labor areas used to define relevant labor force:

EEO Category	Work Location	Labor Area(s)	Wtg %	
Officials & Managers	Bethel	Reading, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Boyertown	Reading, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Dillsburg	York, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Easton	Allentown-Bethlehem-Easton, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Gettysburg	York, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Hamburg	Reading, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Hanover	York, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Lebanon	Lebanon County, PA	50	
		Pennsylvania	25	
		United States	25	
	Reading-Pottsville Pk	Reading, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Stroudsburg	Monroe+Pike, PA	50	
		Pennsylvania	25	
		United States	25	
	York	York, PA MSA	50	
		Pennsylvania	25	
		United States	25	
	Professionals	Bethel	Reading, PA MSA	50
			Pennsylvania	25
			United States	25
Easton		Allentown-Bethlehem-Easton, PA MSA	50	
		Pennsylvania	25	
		United States	25	
Lebanon		Lebanon County, PA	50	
		Pennsylvania	25	
		United States	25	
Reading-Pottsville Pk		Reading, PA MSA	50	
		Pennsylvania	25	
		United States	25	
Stroudsburg		Monroe+Pike, PA	50	
		Pennsylvania	25	
		United States	25	

	York	York, PA MSA	50
		Pennsylvania	25
		United States	25
Technicians	Boyertown	Reading, PA MSA	50
		Pennsylvania	50
	Dillsburg	York, PA MSA	50
		Pennsylvania	50
	Easton	Allentown-Bethlehem-Easton, PA MSA	50
		Pennsylvania	50
	Hamburg	Reading, PA MSA	50
		Pennsylvania	50
	Hanover	York, PA MSA	50
		Pennsylvania	50
	Lebanon	Lebanon County, PA	50
		Pennsylvania	50
	Reading-Pottsville Pk	Reading, PA MSA	50
		Pennsylvania	25
		United States	25
	Stroudsburg	Monroe+Pike, PA	50
		Pennsylvania	50
	York	York, PA MSA	50
Pennsylvania		50	
Office & Clerical	Easton	Allentown-Bethlehem-Easton, PA MSA	100
	Lebanon	Lebanon County, PA	100
	Reading-Pottsville Pk	Reading, PA MSA	100
	Stroudsburg	Monroe+Pike, PA	100
	York	York, PA MSA	100
Craft Workers	Bethel	Reading, PA MSA	50
		Pennsylvania	40
		United States	10
	Boyertown	Reading, PA MSA	50
		Pennsylvania	40
		United States	10
	Dillsburg	York, PA MSA	50
		Pennsylvania	40
		United States	10
	Easton	Allentown-Bethlehem-Easton, PA MSA	50
		Pennsylvania	40
		United States	10
	Gettysburg	York, PA MSA	50
		Pennsylvania	40
		United States	10
	Hamburg	Reading, PA MSA	50
		Pennsylvania	40
		United States	10
	Hanover	York, PA MSA	50
		Pennsylvania	40
		United States	10
	Lebanon	Lebanon County, PA	50
		Pennsylvania	40
		United States	10
Middletown	Harrisburg-Lebanon-Carlisle, PA MSA	50	
	Pennsylvania	40	

		United States	10
	Reading-Pottsville Pk	Reading, PA MSA	50
		Pennsylvania	40
		United States	10
	Stroudsburg	Monroe+Pike, PA	50
		Pennsylvania	40
		United States	10
	York	York, PA MSA	50
		Pennsylvania	40
		United States	10
Operatives	Bethel	Reading, PA MSA	100
	Boyertown	Reading, PA MSA	100
	Dillsburg	York, PA MSA	100
	Easton	Allentown-Bethlehem-Easton, PA MSA	100
	Lebanon	Lebanon County, PA	100
	Reading-Pottsville Pk	Reading, PA MSA	100
	York	York, PA MSA	100
Service Workers	Lebanon	Lebanon County, PA	100

Pennsylvania Electric Company
Job group/census code match

EEO Category	2000 Census Code(s)
Officials & Managers	001 Chief Executives
	002 General and Operations Managers
	013 Human Resources Managers
	030 Engineering Managers
	043 Managers, All Other
	073 Other Business Operations Specialists
	612 Forest and Conservation Workers
	700 First-Line Supervisors/Managers of Mechanics, Installers, and Repairers
Professionals	054 Claims Adjusters, Appraisers, Examiners, and Investigators
	062 Human Resources, Training, and Labor Relations Specialists
	070 Logisticians
	071 Management Analysts
	141 Electrical and Electronics Engineers
	143 Industrial Engineers, Including Health and Safety
	524 Customer Service Representatives
	570 Secretaries and Administrative Assistants
Technicians	073 Other Business Operations Specialists
	155 Engineering Technicians, Except Drafters
Office & Clerical	542 Information and Record Clerks, All Other
	570 Secretaries and Administrative Assistants
	593 Office & Administrative Support Workers
Craft Workers	561 Shipping, Receiving, and Traffic Clerks
	710 Electrical and Electronics Repairers, Industrial, Utility, and Transportation Equipment
	721 Bus and Truck Mechanics and Diesel Engine Specialists
	734 Maintenance and Repair Workers, General
	741 Electrical Power-Line Installers and Repairers
Operatives	561 Shipping, Receiving, and Traffic Clerks
	710 Electrical and Electronics Repairers
	734 Maintenance and Repair Workers, General
	761 Helpers--Installation, Maintenance, and Repair Workers
	960 Industrial Truck and Tractor Operators
Service Workers	422 Janitors and Building Cleaners

Pennsylvania Electric Company
Labor areas used to define relevant labor force:

EEO Category	Work Location	Labor Area(s)	Wtg %
Officials & Managers	Altoona	Altoona, PA MSA	50
		Pennsylvania	25
		United States	25
	Bedford	Bedford+Fulton, PA	50
		Pennsylvania	25
		United States	25
	Bradford	McKean and surrounding cos, PA	50
		Pennsylvania	25
		United States	25
	Clearfield	Clearfield County, PA	50

	Pennsylvania	25
	United States	25
Corry	Erie, PA MSA	50
	Pennsylvania	25
	United States	25
Du Bois	Clearfield County, PA	50
	Pennsylvania	25
	United States	25
Ebensburg	Cambria County, PA	50
	Pennsylvania	25
	United States	25
Erie	Erie, PA MSA	50
	Pennsylvania	25
	United States	25
Huntingdon	Huntingdon+Juniata+Mifflin, PA	50
	Pennsylvania	25
	United States	25
Indiana	Indiana County, PA	50
	Pennsylvania	25
	United States	25
Johnstown-Richland	Johnstown, PA MSA	50
	Pennsylvania	25
	United States	25
Lewistown	Huntingdon+Juniata+Mifflin, PA	50
	Pennsylvania	25
	United States	25
Mansfield	Clinton+Potter+Tioga, PA	50
	Pennsylvania	25
	United States	25
Meadville	Crawford County, PA	50
	Pennsylvania	25
	United States	25
Montrose	Susquehanna+Wayne, PA	50
	Pennsylvania	25
	United States	25
Oil City	Venango County, PA	50
	Pennsylvania	25
	United States	25
Philipsburg-PA	Centre County, PA	50
	Pennsylvania	25
	United States	25
Sayre	Bradford+Sullivan, PA	50
	Pennsylvania	25
	United States	25
Shippensburg	Cumberland+Perry, PA	50
	Pennsylvania	25
	United States	25
Somerset	Somerset County, PA	50
	Pennsylvania	25
	United States	25
Tunkhannock	Lackawanna+Wyoming, PA	50
	Pennsylvania	25
	United States	25

	Towanda	Bradford+Sullivan, PA	50
		Pennsylvania	25
		United States	25
	Warren-PA	McKean and surrounding cos, PA	50
		Pennsylvania	25
		United States	25
Professionals	Altoona	Altoona, PA MSA	50
		Pennsylvania	25
		United States	25
	Bedford	Bedford+Fulton, PA	50
		Pennsylvania	25
		United States	25
	Clearfield	Clearfield County, PA	50
		Pennsylvania	25
		United States	25
	Erie	Erie, PA MSA	50
		Pennsylvania	25
		United States	25
	Johnstown-Richland	Johnstown, PA MSA	50
		Pennsylvania	25
		United States	25
	Johnstown-Brd Street	Johnstown, PA MSA	50
		Pennsylvania	25
		United States	25
	Lewistown	Huntingdon+Juniata+Mifflin, PA	50
		Pennsylvania	25
		United States	25
	Mansfield	Clinton+Potter+Tioga, PA	50
		Pennsylvania	25
		United States	25
	Oil City	Venango County, PA	50
		Pennsylvania	25
		United States	25
	Tunkhannock	Lackawanna+Wyoming, PA	50
		Pennsylvania	25
		United States	25
	Towanda	Bradford+Sullivan, PA	50
		Pennsylvania	25
		United States	25
	Warren-PA	McKean and surrounding cos, PA	50
		Pennsylvania	25
		United States	25
Technicians	Altoona	Altoona, PA MSA	50
		Pennsylvania	50
	Bedford	Bedford+Fulton, PA	50
		Pennsylvania	50
	Bradford	McKean and surrounding cos, PA	50
		Pennsylvania	50
	Clearfield	Clearfield County, PA	50
		Pennsylvania	50
	Corry	Erie, PA MSA	50
		Pennsylvania	50
Du Bois	Clearfield County, PA	50	

		Pennsylvania	50
Ebensburg		Cambria County, PA	50
		Pennsylvania	50
Erie		Erie, PA MSA	50
		Pennsylvania	50
Huntingdon		Huntingdon+Juniata+Mifflin, PA	50
		Pennsylvania	50
Indiana		Indiana County, PA	50
		Pennsylvania	50
Johnstown-Richland		Johnstown, PA MSA	50
		Pennsylvania	50
Lewistown		Huntingdon+Juniata+Mifflin, PA	50
		Pennsylvania	50
Mansfield		Clinton+Potter+Tioga, PA	50
		Pennsylvania	50
Meadville		Crawford County, PA	50
		Pennsylvania	50
Montrose		Susquehanna+Wayne, PA	50
		Pennsylvania	50
Oil City		Venango County, PA	50
		Pennsylvania	50
Philipsburg-PA		Centre County, PA	50
		Pennsylvania	50
Sayre		Bradford+Sullivan, PA	50
		Pennsylvania	50
Shippensburg		Cumberland+Perry, PA	50
		Pennsylvania	50
Somerset		Somerset County, PA	50
		Pennsylvania	50
Tunkhannock		Lackawanna+Wyoming, PA	50
		Pennsylvania	50
Towanda		Bradford+Sullivan, PA	50
		Pennsylvania	50
Warren-PA		McKean and surrounding cos, PA	50
		Pennsylvania	50
Office & Clerical	Altoona	Altoona, PA MSA	100
	Bradford	McKean and surrounding cos, PA	100
	Clearfield	Clearfield County, PA	100
	Corry	Erie, PA MSA	100
	Du Bois	Clearfield County, PA	100
	Ebensburg	Cambria County, PA	100
	Erie	Erie, PA MSA	100
	Indiana	Indiana County, PA	100
	Johnstown-Richland	Johnstown, PA MSA	100
	Meadville	Crawford County, PA	100
	Montrose	Susquehanna+Wayne, PA	100
	Oil City	Venango County, PA	100
	Philipsburg-PA	Centre County, PA	100
	Somerset	Somerset County, PA	100
	Tunkhannock	Lackawanna+Wyoming, PA	100
	Towanda	Bradford+Sullivan, PA	100
Warren-PA	McKean and surrounding cos, PA	100	
Craft Workers	Altoona	Altoona, PA MSA	50

	Pennsylvania	40
	United States	10
Bedford	Bedford+Fulton, PA	50
	Pennsylvania	40
	United States	10
Bradford	McKean and surrounding cos, PA	50
	Pennsylvania	40
	United States	10
Clearfield	Clearfield County, PA	50
	Pennsylvania	40
	United States	10
Corry	Erie, PA MSA	50
	Pennsylvania	40
	United States	10
Dry Run	Franklin, PA	50
	Pennsylvania	40
	United States	10
Du Bois	Clearfield County, PA	50
	Pennsylvania	40
	United States	10
Ebensburg	Cambria County, PA	50
	Pennsylvania	40
	United States	10
Erie	Erie, PA MSA	50
	Pennsylvania	40
	United States	10
Huntingdon	Huntingdon+Juniata+Mifflin, PA	50
	Pennsylvania	40
	United States	10
Indiana	Indiana County, PA	50
	Pennsylvania	40
	United States	10
Johnstown-Richland	Johnstown, PA MSA	50
	Pennsylvania	40
	United States	10
Lewistown	Huntingdon+Juniata+Mifflin, PA	50
	Pennsylvania	40
	United States	10
Mansfield	Clinton+Potter+Tioga, PA	50
	Pennsylvania	40
	United States	10
Meadville	Crawford County, PA	50
	Pennsylvania	40
	United States	10
Montrose	Susquehanna+Wayne, PA	50
	Pennsylvania	40
	United States	10
Oil City	Venango County, PA	50
	Pennsylvania	40
	United States	10
Philipsburg-PA	Centre County, PA	50
	Pennsylvania	40
	United States	10

Preston Park	Susquehanna+Wayne, PA	50	
	Pennsylvania	40	
	United States	10	
Punxsutawney	Clarion+Jefferson, PA	50	
	Pennsylvania	40	
	United States	10	
Saxton	Bedford+Fulton, PA	50	
	Pennsylvania	40	
	United States	10	
Sayre	Bradford+Sullivan, PA	50	
	Pennsylvania	40	
	United States	10	
Shippensburg	Cumberland+Perry, PA	50	
	Pennsylvania	40	
	United States	10	
Somerset	Somerset County, PA	50	
	Pennsylvania	40	
	United States	10	
Tunkhannock	Lackawanna+Wyoaming, PA	50	
	Pennsylvania	40	
	United States	10	
Towanda	Bradford+Sullivan, PA	50	
	Pennsylvania	40	
	United States	10	
Warren-PA	McKean and surrounding cos, PA	50	
	Pennsylvania	40	
	United States	10	
Westfield	Clinton+Potter+Tioga, PA	50	
	Pennsylvania	40	
	United States	10	
Operatives	Altoona	Altoona, PA MSA	100
	Bedford	Bedford+Fulton, PA	100
	Bradford	McKean and surrounding cos, PA	100
	Clearfield	Clearfield County, PA	100
	Corry	Erie, PA MSA	100
	Du Bois	Clearfield County, PA	100
	Erie	Erie, PA MSA	100
	Huntingdon	Huntingdon+Juniata+Mifflin, PA	100
	Indiana	Indiana County, PA	100
	Johnstown-Richland	Johnstown, PA MSA	100
	Lewistown	Huntingdon+Juniata+Mifflin, PA	100
	Mansfield	Clinton+Potter+Tioga, PA	100
	Meadville	Crawford County, PA	100
	Montrose	Susquehanna+Wayne, PA	100
	Oil City	Venango County, PA	100
	Philipsburg-PA	Centre County, PA	100
	Shippensburg	Cumberland+Perry, PA	100
	Somerset	Somerset County, PA	100
	Tunkhannock	Lackawanna+Wyoaming, PA	100
	Towanda	Bradford+Sullivan, PA	100
Warren-PA	McKean and surrounding cos, PA	100	
Service Workers	Altoona	Altoona, PA MSA	100



2007 SUPPLIER DIVERSITY REPORT

MINORITY / WOMAN / DISABLED BUSINESS ENTERPRISE PROCUREMENT EFFORTS

On behalf of:

**Penn Power
Metropolitan Edison Company
Pennsylvania Electric Company**

**Prepared by: Tabitha Stanislaw
FirstEnergy Supply Chain**

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5. CONCLUSION

FIRSTENERGY CORP.
2007 SUPPLIER DIVERSITY REPORT
filed on behalf of
PENNSYLVANIA POWER COMPANY (Penn Power),
METROPOLITAN EDISON COMPANY (Met-Ed) and
PENNSYLVANIA ELECTRIC COMPANY (Penelec)

MINORITY/WOMAN/DISABLED
BUSINESS ENTERPRISE (M/W/DBE) PROCUREMENT EFFORTS

1. INTERNAL EFFORTS

1.1 CORPORATE COMMITMENT AND POLICY

This report is being provided to the Pennsylvania Public Utility Commission on behalf of Pennsylvania Power Company (Penn Power), Metropolitan Edison Company (Met-Ed) and Pennsylvania Electric Company (Penelec). Penn Power, Met-Ed, and Penelec are each wholly owned subsidiaries of FirstEnergy Crop. ("FirstEnergy"). Due to record keeping practices FirstEnergy can not segregate purchases intended strictly for these companies, therefore the narrative and statistical information provided herein is representative of all FirstEnergy regulated business activity for 2007.

As operating companies of FirstEnergy, Penn Power, Met-Ed and Penelec remain committed to providing opportunities for small, minority, woman, veteran, service-disabled veteran and those small businesses located in a historically underutilized business zone. Diversity initiatives are integrated at FirstEnergy in its strategic vision and core values. Diversity also is a major component of Supply Chain's business objectives and long-range strategies. "FirstEnergy is committed to core values that are fundamental to achieving our vision to provide superior value to our customers and investors. Diversity is a core value inherent to all of our business operations. Supporting diversity is an essential element when locating sources of materials and services, selecting suppliers and managing supplier and contractor relationships. Diversity provides real business opportunities to traditionally underused suppliers. Diversifying our vendor base helps enhance competition among suppliers, resulting in increasingly innovative products and services, improved reliability, and lower costs" reported FirstEnergy Corp. President and CEO Anthony J. Alexander.

In 2007 Supplier diversity at FirstEnergy was led by Bradford F. Tobin, Vice President and Chief Procurement Officer. FirstEnergy has two dedicated Supplier Diversity Coordinators who report to Sandra M. Hemberger, Manager Contracts & Compliance. Toby Stanislaw and Chad Heyman are full-time dedicated staff providing guidance and assistance to Supply Chain leadership in developing supplier diversity program overview, direction, and goal setting. Toby Stanislaw oversees preparation of reports to management and those organizations, including federal and state governmental agencies that have a need to know FirstEnergy's program achievements. They are responsible for the day-to-day administration of the Supplier Diversity Program. They attend department staff meetings, share information with Supply Chain buyers, introduce new suppliers, provide training and program orientation, review goal attainments, and solicit feedback from FirstEnergy personnel for help in identifying suppliers for future sourcing opportunities.

In December of 2007 Supply Chain announced the formation of the Supply Chain Supplier Diversity Action Council. The Council will address key and relevant issues focused on expanding buyer and customer knowledge of supplier diversity issues and increasing opportunities and spend with M/WBEs. In 2008 the goals for the Council will be to:

- Prioritize 2008 supplier diversity initiatives
- Engage entire Supply Chain in Supplier Diversity
- Be a developmental resource for buyers
- Gain valuable perspective from buyers regarding supplier diversity:
 - Training / Tools
 - Policies and Procedures
 - Identifying Sourcing Opportunities
 - Increase annual SD spend
- Develop departmental SD “Champion” in the four buying groups

Supplier diversity updates are part of the senior leadership monthly meetings. In 2007 Supply Chain’s Key Performance Indicators were tied to meeting or exceeding our Small Business Administration goals.

1.2 TRAINING

In 2007 Supply Chain buyers received training on FirstEnergy’s Supplier Registration portal tool for sourcing diverse suppliers for their bid opportunities, they received training on the 2nd Tier Reporting system and reviewed 2006 Supply Chain goal results, supplier diversity initiatives for 2007, changes to reporting processes, tracking vendor Business Classification requirements in SAP and instructions on a buyer’s role in accessing vendors in FirstEnergy’s Supplier Registration portal.

At FirstEnergy we believe a key component of an effective training effort is pro-active communications. Our Supplier Diversity team communicated the message of supplier inclusion throughout FirstEnergy.

We utilize the following types of communication tools:

- utilized Supply Chain’s Intranet site to make employees aware of policies, goals, goal attainments, etc.,
- attend Business Unit staff meetings,
- personal introductions,
- FirstEnergy Employee UPDATE newsletter articles,
- E-mail broadcasts,
- “Building A Partnership” brochure (Attachment A),
- SUPPLIERS brochure (Attachment B),
- Supply Chain’s SupplierGATEWAY portal on FirstEnergy web-site and
- maintaining active participation with local & national advocacy groups.

1.3 2007 SUPPLIER DIVERSITY PROGRAM

FirstEnergy provides no premiums or set-asides for purchases from diverse suppliers. The intent of its Supplier Diversity Program is to ensure fair and equitable consideration is extended to all suppliers for the contracting of goods and services. Diverse businesses (small, minority, woman, veteran, service-disabled veterans, 8a and HUBZone located businesses) are among those suppliers we depend on to provide FirstEnergy with the best products and services for the best value.

FirstEnergy's Supplier Diversity initiatives are designed to meet federal and state regulatory programming and certification reporting requirements. Diverse business owners seeking to be designated as a small, minority, woman-owned, veteran, service-disabled veteran, or Hubzone business concern with FirstEnergy must meet one of the following definitions:

SMALL BUSINESS

A small business concern is a business, including its affiliates, that is independently owned and operated, is not dominant in its field of operation, and meets any applicable criteria concerning number of employees or volume of business established by the Small Business Administration as stated in 13 CFR Part 121 (FAR 19.202).

MINORITY BUSINESS

A minority owned business (MBE) as defined by the National Minority Supplier Development Council, Inc. must be at least 51% owned by one or more minority U.S. citizen. One or more such individuals must control its management and daily operation. In the case of a publicly owned business, one or more such individuals must own at least 51% of the stock. The minority owner(s) must be an U.S. citizen whose origins are:

- Asian-Indian - from India, Pakistan and Bangladesh
- Asian-Pacific - from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific or the Northern Marianas.
- Black - from any Black racial groups of Africa.
- Hispanic - of true-born Hispanic heritage, from any of the Spanish-speaking areas of Latin America or the following regions: Mexico, Central America, South America and the Caribbean Basin only.
- Native American- American Indian, Eskimo, Aleut or Native Hawaiian, and regarded as such by the community of which the person claims to be a part. Native Americans must be documented members of a North American tribe, band or other organized group of native people who are indigenous to the continental United States and proof can be provided by a Native American Blood Degree Certificate (i.e. tribal registry letter, tribal roll register number).

WOMEN-OWNED BUSINESS (WBE)

A woman-owned business as defined by the U.S. Small Business Administration (FAR 52.219-1) is one that is at least 51% owned by one or more women; or in the case of any publicly owned business, at least 51% of the stock is owned by one or more women; and whose management and daily business operations are controlled by one or more such individuals.

SMALL DISADVANTAGED BUSINESS (SDB)

A small disadvantaged business (SDB) concern is certified by the U.S. Small Business Administration as a small business concern that is at least 51% unconditionally owned by one or more individuals who are both socially and economically disadvantaged. In the case of a publicly owned business that has at least 51% of its stock must be unconditionally owned by one or more socially and economically disadvantaged individuals and that has management and daily business controlled by one or more such individuals as defined under 15 U.S.C. 637(b)(6) in Part 121 of Title 13 of the Code of Regulations.

VETERAN-OWNED SMALL BUSINESS (VET)

A veteran-owned small business concern is a small business that is at least 51% owned by one or more veterans. In the case of a publicly owned business, at least 51% of the stock is owned by one or more veterans; and whose management and daily business operations are controlled by one or more such individuals.

SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS (SDV)

A service-disabled veteran-owned small business concern is a small business that is at least 51% owned by one or more service-disabled veterans. In the case of a publicly owned business, at least 51% of the stock is owned by one or more service-disabled veterans; and whose management and daily business operations are controlled by one or more such individuals. A service-disabled veteran is a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service connected, as defined in 38 U.S.C. 101(16).

HUBZONE CONCERN

A HUBZone is a historically underutilized business zone, which is an area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation. The SBA (www.sba.gov/hubzone/) per FAR 52.219-1 maintains criteria for HUBZone concern designation.

8(a) BUSINESS

An 8(a) business concern is a small business that is certified by the Small Business Administration to be responsible and competent to perform specific contracts either on a sole source or competitive basis. Participants in the 8(a) Business Program are required to be certified by the Small Business Administration and be eligible under the 8(a) Business Program.

DISABILITY-OWNED

A disability-owned business must be at least 51% owned by a person or group of persons with a disability as recognized by the Americans with Disabilities Act or as defined by the Commonwealth of Pennsylvania, Governor's Office, Management Directive 205.25 amended April 15, 1994, or a publicly owned business with 51% of its stock owned by one or more persons with disabilities. One or more persons with disabilities must control the management and daily business operations.

For a supplier to participate in FirstEnergy's Supplier Diversity Program they need to register their company profile electronically at www.firstenergycorp.com . A copy of the supplier guidelines and follow-up instructions are attached (Attachment C).

1.4 GOALS

Each year our Supplier Diversity goals are developed by obtaining the corporate budgeted dollar figures for FirstEnergy's Operation & Maintenance and Capital Improvement Projects and reviewing these figures with Senior Leadership to determine the trends in FE corporate infrastructure cost spending for the upcoming year.

2007 ATTAINMENT

Our Expenditure goal percentage and actual attainment for 2007 are as follows:

2007 SBA KPI Goal Report			
Business Class	Target	Actual Expenditures	
	Goal %	Attainment %	Total \$
Small Business	28%	27%	404,699,064
Minority Business (MBE)	3.0000%	1.43%	21,170,449
Small Woman-Owned Business (M/WBE)	3.0000%	2.49%	36,850,804
HUBZone Business	0.2000%	0.1095%	1,620,098
Veteran-owned Business	1.2000%	1.36%	20,156,068
Service Disabled Veteran Business	0.0150%	0.0390%	577,374
Large Business		73%	1,074,743,739
Total Expenditures			\$1,479,442,803

2008 GOALS

In 2008 we will strive to meet the following goals by actively reviewing our Supply Chain Opportunity Pipeline (Attachment D), initiating a Supply Chain Supplier Diversity Action Council, continuing our memberships in supplier diversity advocacy organizations, sponsorships of trade fairs, matchmakers, mentoring suppliers, and promoting the supplier diversity program to non-Supply Chain key requisitioners.

Annual Expenditure Goals

The regulated Operations, Maintenance, and Capital Improvement budgets for 2008 make up the subcontracting goals. Expenses excluded from FirstEnergy's subcontracting goals include: fuel, purchased power for resale or nuclear fuels, natural gas will be excluded when it is purchased as a long-term contract of 2 years or greater, coal, bank transfers, equipment completely fabricated in a foreign country, non-regulated company purchases and expenses, internally generated (e.g. salaries/wages, depreciation, interest, employee insurance and other benefits, income and property taxes, payments for petty cash, payment of fees, fines, claims, membership dues, OEM relationships during warranty periods (negotiated up front with product), rail service such as coal delivery to power plants, and expenditures to other regulated utilities (telephone, light, gas, water, and sewer) and philanthropic contributions.

<u>Business Classification</u>	<u>Target Goal Percentage</u>
Small Business Spend	28.0000%
Small Disadvantaged Business	3.0000%
Small Woman Owned Business	3.0000%
HUBZone Business	.2000%
Veteran Owned Business	1.2000%
Service Disabled Veteran Business	.0150%

The principal products and services planned to be subcontracted with Minority, Woman-Owned and disabled business concerns are as follows:

Products and Services:

Analytical/Testing Service	Maintenance/Overhaul/Repair
Building Materials	Mechanical
Communication	Mechanical Construction
Consultant Services	Office Supplies/Equipment
Consumables	Personnel
Electrical	Protective Equipment
Electrical Construction	Real Estate
Electronic System Installation	Regulatory Services
General Civil Construction	Rentals
General Utility Equipment	Safety Equipment
Hardware	Service Metering
Inspection	Structures/Poles
Instruments	Technical Services
Janitorial	Tools
Lab Supplies/Equipment	Transformers
Licenses	Utility Services
Lighting	Vehicles

2. EXTERNAL EFFORTS

2.1 ACTIVITIES AND OUTREACH PROGRAMS

In 2007 FirstEnergy continued to actively support Pennsylvania based supplier diversity initiatives through participation in various diversity events and advocacy organizations. A Calendar of 2007 Outreach Events (Attachment E) is attached to this report to highlight that level of commitment.

AFFILIATIONS/MEMBERSHIPS:

Pennsylvania - The Minority Supplier Development Council of PA-NJ-DE
 Women's Business Enterprise Council of PA-DE-sNJ
 U.S. Small Business Administration (Philadelphia office)
 Regional Small Business Development Center @ Kutztown University

FirstEnergy also partnered with the following national, federal and state organizations:

- National** - National Minority Supplier Development Council, Inc.
Edison Electric Institute's Minority Business Development Committee
Women's Business Enterprise National Council (WBENC)
National Association of Regulatory Commissions (NARUC)
U.S. Small Business Administration
U.S. General Services Administration

- New Jersey** - New Jersey Board of Public Utilities Supplier Diversity
Development Council
New Jersey Association of Women Business Owners
Minority Supplier Development Council of PA-NJ-DE
Women's Business Enterprise Council of PA-sNJ-DE
New Jersey Small Business Development Center @ Rutgers

- Ohio** - Northern Ohio Minority Business Council (NOMBC)
Cleveland Commission on Economic Partnership & Inclusion
Cleveland BLACKPages
Northeast Ohio Procurement Technical Assistance Center
Toledo Chamber of Commerce
Hispanic Business Association Chamber of Commerce

A key resource to FirstEnergy is the Edison Electric Institute's Minority Business Development Committee. This industry group consists of approximately 120 active utility members across the U.S. who shares program best practices and related information, in an effort to provide opportunities to minority and women businesses providing products and services to the energy industry.

SOURCING DATABASES UTILIZED AT FIRSTENERGY

FirstEnergy utilizes a number of databases to identify qualified diverse suppliers for inclusion in bid solicitations, such as the U.S. Small Business Administration's Central Contractor Registration (CCR), Pennsylvania General Service's Bureau of Minority & Women's Business Opportunities, Ohio and New Jersey state procurement agency databases, our counterparts at other utilities and membership directories, as well as trade shows and conferences specifically targeted to diverse businesses.

Central Contractor Registration (CCR) – the U.S. Small Business Administrations
Dynamic Small Business Search Engine
National Minority Supplier Development Council - MBISYS
DiversityBusiness.com
WBENCLink
Pennsylvania Dept. of General Services – MBE/WBE Database
State of Ohio MBE Search
Thomas Register

In 2007 FirstEnergy utilized its own on-line supplier registration portal (SupplierGATEWAY @ www.firstenergycorp.com) for sourcing diverse supplier.



Welcome to the FirstEnergy Supplier Registration Site!

Welcome to FirstEnergy's Supplier Registration Tool! FirstEnergy believes that open, collaborative relationships with suppliers are vital to our continued success.

[Click Here for Supplier Registration](#)

We remain committed to maintaining, strengthening and deepening lines of communications with our existing suppliers - as well as pursuing relationships with new suppliers.

Login

Login ID

Password

[Forgot your password?](#)

We value suppliers who are committed to providing the highest standards of quality while recognizing our need for competitive pricing and innovative solutions.

We look forward to renewing familiar relationships and developing new ones in the future.

FirstEnergy employees serve as committee members and/or board of directors with the following organizations:

- ◀ Toby Stanislaw served as a corporate member and member of the Certification Committee on the Minority Supplier Development Council of PA-NJ-DE.
- ◀ Co-Chair of the Women's Business Enterprise Council of PA-DE-sNJ.
- ◀ In December 2007 Toby Stanislaw was elected to the Women's Business Development Center Board of Directors
- ◀ Toby Stanislaw served as President of the New Jersey Board of Public Utilities Supplier Diversity Development Committee. As President she worked to promote supplier diversity at a national level with the National Association of Regulatory Utility Commissioners (NARUC) with the Utility Market Access Partnership (UMAP). She co-chaired the Best Practices Committee; served as committee member on the Statewide Assessment Committee which was instrumental in development of the reporting process utilized by the NJ BPU in accessing supplier diversity utilization by the regulated companies; and serves on the annual conference committee.
- ◀ Toby Stanislaw served on the Edison Electric Institute's (EEI) Supplier Diversity Executive Committee and co-Chaired the Industry Trends Committee.
- ◀ Chad Heyman served as Vice Chair on the Board of Trustee's for the Northern Ohio Minority Business Council.

- ◀ Chad Heyman serves as the Chair of the Public Utility Commission of Ohio's – Ohio Gate Council.
- ◀ Chad Heyman serves as a committee Member on the Cleveland Commission on Economic Inclusion Supplier Diversity Task Force.
- ◀ Chad Heyman served as Chair of the Minority Business Services Committee of the Toledo Chamber of Commerce.

ADVERTISING

FirstEnergy demonstrated its support in the minority community by advertising in the following national and local minority or women-owned publications:

Akron Reporter
 BlackPages of Cleveland, Toledo & Akron
 Call & Post
 Kaleidoscope
 Buckeye Review
 City News
 Minority Supplier Diversity Council of PA-NJ-DE EXPOpportunity 2007 Journal
 Women's Business Enterprise Council's Navigating the Corporate and Government Marketplace Journal
 All Ohio Trade Fair Journal

2.2 COMMUNITY OUTREACH / PROFESSIONAL DEVELOPMENT

FirstEnergy's goal is to make it easier for diverse businesses to partner with us. Our commitment to developing minority and women owned businesses is key to why we join organizations such as local affiliates of the National Minority Supplier Development Council (i.e. the Northern Ohio Minority Business Council (NOMBC), the Minority Supplier Development Council of PA-NJ-DE and the Women's Business Enterprise Council of PA-sNJ-DE.

At a national level, Toby Stanislaw holds an executive position on the Edison Electric Institute's Supplier Diversity Committee. We are most proud of our leadership role in promoting supplier diversity throughout Ohio, New Jersey and Pennsylvania through the Utility Market Access Partnership (UMAP) strategy developed by the National Association of Regulatory Commissioners (NARUC). FirstEnergy employees serve as President of both the Ohio and New Jersey public utility commission UMAP (GATE) councils. FirstEnergy has been instrumental in developing the strategy and guidelines employed by these State regulatory bodies to 1) encourage other regulated utilities to develop a supplier diversity program, and 2) assist in the growth of diverse business enterprises in our 3 state service jurisdiction.

FirstEnergy staff members have developed working relationships with various Small Business Development Centers and FirstEnergy Economic Development staff throughout our service territory and have enlisted them to assist us in promoting the growth and success of minority businesses. Internally, we meet with the Business Units and Area Managers to share our diversity initiatives and to offer assistance in working with the minority businesses in their region. In procurement, we have developed a Sourcing Opportunity Pipeline report, which is

updated monthly and issued to the Senior Leadership Team and documents our buyer and requisitioner opportunities to include minority suppliers in the bid process. Goals and key initiatives have been developed to build sustainable growth in our supplier diversity initiatives.

In 2007 FirstEnergy participated in the CAPS Research study “Focus On...Supplier Diversity Programs 2007” to assess FirstEnergy’s supplier diversity program against other major corporations across the U.S. This study was jointly sponsored by the Institute for Supply Management and the W.O. Carey School of Business at Arizona State University.

Our business practice is to mentor/assist all minority business owners seeking to do business with FirstEnergy and we facilitate one-on-one appointments for those minority businesses that match our procurement requirements. We have provided formal training to small businesses, minority, women-owned and veteran business owners on How to do business with FirstEnergy, Sales Training for Small Businesses, Sales & Marketing Training 101, 102 & 103, certification requirements, 2nd tier flow down requirements, how to prepare for participating in on-line reverse auctions, the business case for supplier diversity, and how to develop a supplier diversity program.

In a formal mentoring capacity, FirstEnergy was the module leader for the NOMBC’s Partners First Akron module. The Partners First mentorship model was designed to mentor small minority firms on how to do business with corporations, to create an environment to share best practices with minority businesses, heighten majority owned corporation’s awareness of minority owned business capabilities, and increase business awards placed with minority firms.

A key driver to advancing supplier diversity at FirstEnergy is the Supply Chain link on FirstEnergy’s website <http://www.firstenergycorp.com/welcome/index.jsp>.

Address <http://www.firstenergycorp.com/supplychain/index.html>

FirstEnergy
- Corp.

[Supplier Registration](#)
[What We Buy](#)
[How We Buy](#)
[Who To Contact](#)
[Supplier Diversity](#)
[Surplus Equipment](#)
[Invoicing and Payment Instructions](#)

[Home](#) | [Supply Chain](#)

Supply Chain

FirstEnergy believes that open, collaborative relationships with suppliers are vital to our continued success. We remain committed to maintaining, strengthening and deepening lines of communications with our existing suppliers - as well as pursuing relationships with new suppliers.

We value suppliers who are committed to providing the highest standards of quality while recognizing our need for competitive pricing and innovative solutions.

These pages provide information that suppliers can use to make it easier to do business with FirstEnergy. We look forward to renewing familiar relationships and developing new ones in the future.

Bradford F. Tobin
Chief Procurement Officer,
Vice President of Supply Chain
FirstEnergy

[FirstEnergy Corporate Profile](#)
[Building A Partnership brochure \(PDF, 250 KB\)](#)
[Conflicts of Interest Information \(PDF, 51 KB\)](#)
[Frequently Asked Questions \(PDF, 85 KB\)](#)

2.3 AWARDS / RECOGNITION

FirstEnergy's on-going commitment to Supplier Diversity and the communities we serve has resulted in the following program awards and recognition:

- ◀ FirstEnergy's U.S. Small Business Administration current Compliance Review rating is Highly Successful.
- ◀ FirstEnergy was honored to be nominated by the MSDC of PA-NJ-DE's for 2007 Corporation of the Year.
- ◀ The Minority Supplier Development Council of PA-NJ-DE awarded a plaque in recognition of its support and contributions to the 2007 Business Opportunity Convention.
- ◀ FirstEnergy was honored to be nominated by the Northern Ohio Minority Business Council (NOMBC) for 2007 Corporation of the Year.
- ◀ A review of FirstEnergy's Supplier Diversity program was included in INNOVEST's February 26, 2007 publication. (Attachment F)
- ◀ FirstEnergy's Supplier Diversity initiatives were highlighted in the July 2, 2007 Akron-Beacon Journal article "Mentors provide crucial assistance". (Attachment G)

3. SUBCONTRACTING EFFORTS

3.1 SECOND TIERING OPPORTUNITIES

The total dollars subcontracted for 2007 are as follows:

2007 2nd Tier Spend Report		DIRECT			INDIRECT		
Company	Scope of Work	MBE	WBE	Disabled	MBE	WBE	Disabled
Alcan Cable	Cable				18,834	15,579	
Ardmore Power Logistics	Freight		42,035				
Areva NP Inc.	Construction				368	8,400	
Babcock & Wilcox	Construction				416	6,472	
Bartlett Nuclear	Construction					1,619	
Cooper Power Systems	Substation Equipment				5,429	68,462	
Enerfab	Pressure Vessel, Liners, Tank Fabrication					59,269	
Fastenal	MRO	1,593	1,933		2,925	9,475	
Fluor Corporation	Contract Engineering				4,430	4,967	
Guidant Group	Staffing	1,667,772	8,645,223				
Henkles & McCoy	Line Clearing	140,122	280,922		30,779	46,614	
Hewlett Packard	Office Equipment/Printers				103,965	32,293	
HydroChem Industrial Services	Industrial Tank/Chemical Cleaning				110,329	177,517	
New River Electrical	Line Construction				6	103	
Direct/Indirect Subtotals:		\$1,809,487	\$8,970,113	\$0	\$277,481	\$430,770	\$0
Grand Total:		\$10,779,600			\$708,251		

Our 2nd Tier Reporting Program was implemented to enhance, not replace, our own efforts to increase meaningful opportunities for small minority and women-owned businesses that do not have the capacity to supply FirstEnergy directly. In 2007 we asked our valued key suppliers meeting the SBA's dollar threshold of \$550,000 for products and services and \$1M for construction to share similar values regarding utilization of small diverse businesses, especially when fulfilling our work requirements. As part of our 2nd Tier Reporting Program we encouraged these suppliers to establish a Supplier Diversity Program similar to ours. A 2nd Tier Policy statement and web link per drafted in 2007 for placement on our external website in 2008 (Attachment H).

FirstEnergy's Request for Proposal/Quotations and Purchase Orders terms and conditions contain language, incorporating the Federal Acquisition Regulation (FAR) flow down provisions. These provisions encourage the use of diverse businesses for subcontracting, and inform prime suppliers that factors such as the intended use of diverse suppliers may be considered in the overall evaluation of their bid responses. Bidders who indicate the use of such enterprises will be deemed to have provided "added value" to their proposal.

4. DIVERSITY REPORTS

- 4.1 - Utility Procurement Diversity Report**
- 4.2 - Procurement Data for Protected Classes Categorized by Minority, Female and Physically Challenged**
- 4.3 - Supplier Diversity Activity by Material Group Code by Product & Service**

5. CONCLUSION

FirstEnergy's Supplier Diversity Program ensures the development of mutually advantageous business relationships with business and firms owned and operated by minorities and women. Strengthening and utilizing minority-owned, woman-owned, and small businesses contributes to the economic growth and expansion of the communities we serve. At FirstEnergy we will continue to provide guidance to senior management, buyers, key requisitioners and suppliers to continue fostering the relationships needed to strengthen the economic outlook and viability of all parties while building a value-added strategy and competitive advantage for all parties.

For more information on FirstEnergy's Supplier Diversity initiatives log onto our web site at: www.firstenergycorp.com and click on Supply Chain.

2007 Procurement Data for Protected Classes
Categorized by Minority, Female and Physically Challenged

DIRECT

Total Company Procurement	Minority \$ (MWBE)	% of Total	Women \$ (WBE)	% of Total	Disabled \$ (DBE)	% of Total	Total \$ (M/W/DBE)	% of Total
1,479,442,803	21,170,449	1.43	42,932,697	2.90	643,858	.04	64,103,146	4.38%

SUB-CONTRACTORS

Cumulative Reported M/WBE Dollars	Minority \$ (MBE)	% of Total	Women \$ (WBE)	% of Total	Disabled \$ (DBE)	% of Total	Total \$ (M/W/DBE)	% of Total
11,487,851	2,086,968	18.17	9,400,883	81.83	0		11,487,851	.78%

**UTILITY PROCUREMENT DIVERSITY REPORT
FIRSTENERGY SUPPLIER DIVERSITY PROGRAM
YEAR-END AWARD ATTAINMENT**

2007	Business Class	Attainment		Total \$'s	Total PA \$
		Goal %	%		
	Small Business	28.0000%	27.36%	404,699,064	95,889,991
	Minority Business (MBE)	3.00%	1.43%	21,170,449	1,983,477
	Woman-Owned Business	3.00%	2.49%	36,850,804	10,793,184
	HUBZone Business	0.2000%	0.1124%	1,663,499	-
	Veteran-owned Business	1.2000%	1.36%	20,156,068	4,701,806
	Disabled Business (includes SD Vets)	0.0150%	0.04%	643,858	63,850
Total Expenditures				1,479,442,803	

The following chart is in response to the FirstEnergy Pennsylvania Companies Stratified Management and Operations Audit Implementation Plan:

Response to Recommendation X-2:

Minority Expenditure Comparison:

Year	Goal %	Attainment	Expenditures	PA Expenditures
2003	1.50%	1.94%	\$27,205,713	\$3,002,055
2004	3.00%	2.59%	\$19,046,986	\$8,880,858
2005	3.00%	1.50%	\$20,713,198	\$3,357,317
2006	3.00%	1.76%	\$24,990,758	\$3,230,727
2007	3.00%	1.43%	\$21,170,449	\$1,983,477

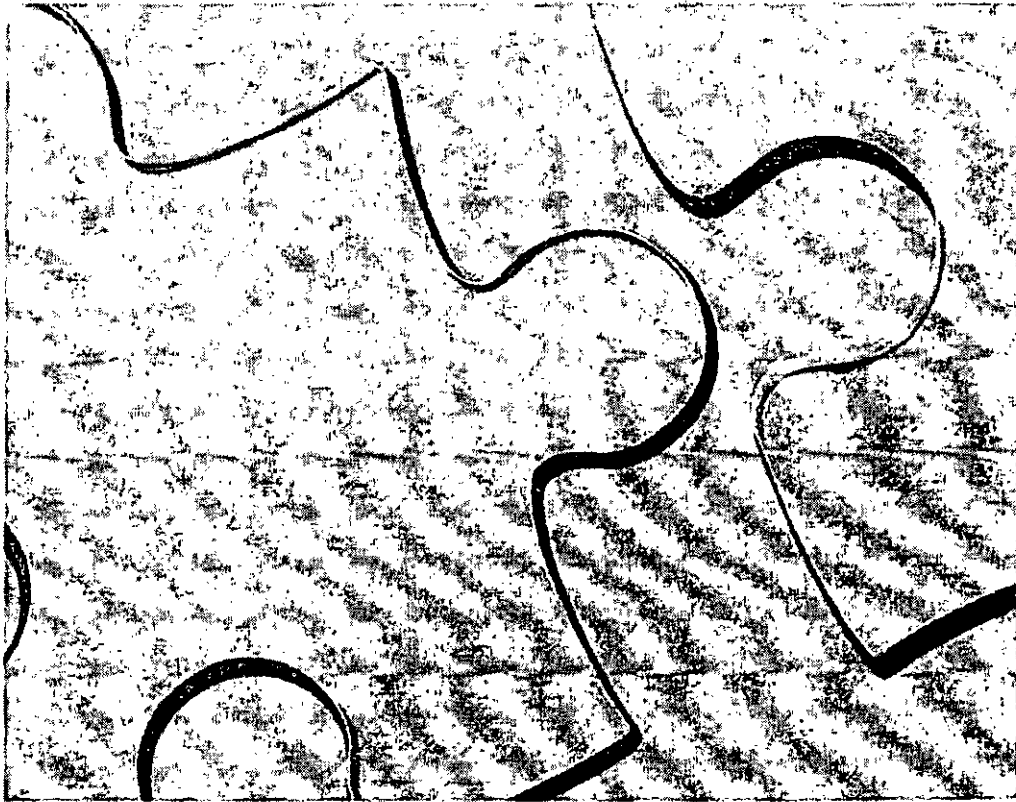
UTILITY PROCUREMENT DIVERSITY REPORT
 ANNUAL FOR-2007

MATERIAL GROUP	TOTAL COMMITTED DOLLARS	MINORITY MALE DOLLARS	% OF TOT	MINORITY WOMAN DOLLARS	% OF TOT	NON MIN WOMAN DOLLARS	% OF TOT	MALE SM BUS DOLLARS	% OF TOT	PHYSICALLY CHALLENGED DOLLARS	% OF TOT	TOTAL M/WBE DOLLARS	% OF TOT
MATL1127	262,521.27	180,283.11	68.7	0.00	0.0	0.00	0.0	82,238.16	31.3	0.00	0.0	180,283.11	68.7
MATL1129	19,125.53	19,125.53	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	19,125.53	100.0
MATL1133	266.70	230.70	86.5	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	230.70	86.5
MATL1135	217,454.73	1,212.00	0.6	0.00	0.0	0.00	0.0	190,451.73	87.6	0.00	0.0	1,212.00	0.6
MATL1137	280,989.32	3,847.77	1.4	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	3,847.77	1.4
MATL1138	1,162,641.07	382,126.17	32.9	0.00	0.0	0.00	0.0	601,594.19	51.7	0.00	0.0	382,126.17	32.9
MATL1200	801,383.53	263,279.02	32.9	128.00	0.0	0.00	0.0	494,894.10	61.8	0.00	0.0	263,407.02	32.9
MATL1210	21,500.00	5,750.00	26.7	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	5,750.00	26.7
MATL1220	2,086,696.60	1,804,312.80	86.5	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	1,804,312.80	86.5
MATL1230	1,514,468.54	986,751.24	65.2	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	986,751.24	65.2
MATL1240	211,441.11	99,757.90	47.2	0.00	0.0	0.00	0.0	9,553.89	4.5	0.00	0.0	99,757.90	47.2
MATL1250	227,168.00	65,593.08	28.9	0.00	0.0	22,316.40	9.8	105,783.44	46.6	0.00	0.0	87,909.48	38.7
MATL1260	230,853.17	175,589.41	76.1	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	175,589.41	76.1
MATL1300	33,996.40	33,996.40	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	33,996.40	100.0
MATL1304	107,463.24	27,716.53	25.8	0.00	0.0	0.00	0.0	65,201.99	60.7	0.00	0.0	27,716.53	25.8
MATL1305	111,378.72	111,378.72	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	111,378.72	100.0
MATL1306	145,175.23	141,649.73	97.6	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	141,649.73	97.6
MATL1307	62,473.20	43,929.30	70.3	0.00	0.0	0.00	0.0	12,662.90	20.3	0.00	0.0	43,929.30	70.3
MATL1308	24,608.34	10,426.24	42.4	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	10,426.24	42.4
MATL1309	261,439.21	237,238.64	90.7	0.00	0.0	0.00	0.0	3,133.79	1.2	0.00	0.0	237,238.64	90.7
MATL1310	10,544,894.66	369,280.63	3.5	0.00	0.0	0.00	0.0	5,948.98	0.1	0.00	0.0	369,280.63	3.5
MATL1311	301,166.12	257,678.47	85.6	0.00	0.0	1,050.98	0.3	529.40	0.2	0.00	0.0	258,729.45	85.9
MATL1312	334,097.20	147,600.82	44.2	0.00	0.0	0.00	0.0	17,180.57	5.1	0.00	0.0	147,600.82	44.2
MATL1313	12,498.50	12,498.50	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	12,498.50	100.0
MATL1315	10,252.30	10,252.30	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	10,252.30	100.0
MATL1316	33,048.60	33,048.60	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	33,048.60	100.0
MATL1317	219,458.69	23,501.64	10.7	0.00	0.0	0.00	0.0	2,479.84	1.1	0.00	0.0	23,501.64	10.7
MATL1318	302,579.35	202,605.13	67.0	0.00	0.0	0.00	0.0	94,691.42	31.3	0.00	0.0	202,605.13	67.0
MATL1319	30,673,672.78	29,387,318.67	95.8	0.00	0.0	31,671.71	0.1	485,649.66	1.6	0.00	0.0	29,418,990.38	95.9
MATL1320	205,037.65	153,678.01	75.0	0.00	0.0	0.00	0.0	51,254.04	25.0	0.00	0.0	153,678.01	75.0
MATL1322	29,640.14	29,259.00	98.7	0.00	0.0	0.00	0.0	344.54	1.2	0.00	0.0	29,259.00	98.7
MATL1323	6,506.92	6,506.92	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	6,506.92	100.0
MATL1325	144,785.08	144,785.08	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	144,785.08	100.0
MATL1329	90,933.77	73,235.88	80.5	0.00	0.0	0.00	0.0	17,144.69	18.9	0.00	0.0	73,235.88	80.5
MATL1330	137,644.96	4,406.56	3.2	0.00	0.0	0.00	0.0	603.75	0.4	0.00	0.0	4,406.56	3.2
MATL1331	10,392,070.08	9,334,588.48	89.8	0.00	0.0	0.00	0.0	381,702.22	3.7	3,036.00	0.0	9,334,588.48	89.8
MATL1332	9,002.39	8,700.00	96.6	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	8,700.00	96.6
MATL1333	1,771,961.13	1,726,002.13	97.4	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	1,726,002.13	97.4
MATL1334	232,462.85	42,275.86	18.2	0.00	0.0	0.00	0.0	190,186.99	81.8	0.00	0.0	42,275.86	18.2
MATL1335	13,317.71	13,317.71	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	13,317.71	100.0
MATL1400	2,409,542.90	2,342,025.14	97.2	0.00	0.0	3,907.50	0.2	4,828.80	0.2	0.00	0.0	2,345,932.64	97.4
MATL1401	154,443.60	94,056.68	60.9	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	94,056.68	60.9
MATL1402	1,367,256.90	96,281.51	7.0	0.00	0.0	0.00	0.0	1,180,850.62	86.4	0.00	0.0	96,281.51	7.0
MATL1403	757,315.21	111,588.47	14.7	0.00	0.0	0.00	0.0	267,782.28	35.4	0.00	0.0	111,588.47	14.7
MATL1500	9,480,464.40	5,737,168.78	60.5	0.00	0.0	179,982.95	1.9	5,000.02	0.1	0.00	0.0	5,917,151.73	62.4
MATL1600	254,858.26	68,885.38	27.0	0.00	0.0	0.00	0.0	158,831.37	62.3	0.00	0.0	68,885.38	27.0
MATL1601	406,584.52	404,143.63	99.4	0.00	0.0	0.00	0.0	2,174.66	0.5	0.00	0.0	404,143.63	99.4
MATL1602	3,915,384.84	212,847.32	5.4	0.00	0.0	42,000.57	1.1	221,547.08	5.7	0.00	0.0	254,847.89	6.5
SEKV2000	167,543.47	167,543.47	100.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	167,543.47	100.0

ATTACHMENTS

Building A Partnership

a supplier's guide to doing business with FirstEnergy



FirstEnergy.

Welcome to FirstEnergy

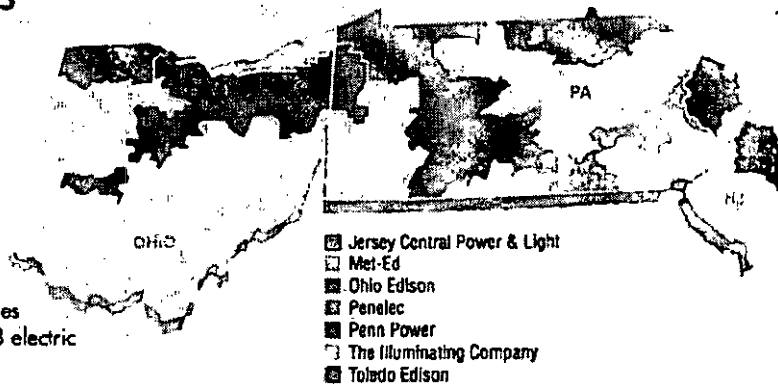
FirstEnergy Corp. is a registered public utility holding company headquartered in Akron, Ohio. Its seven electric utility operating companies comprise the nation's fifth largest investor-owned electric system, serving 4.4 million customers within 36,100 square miles of Ohio, Pennsylvania and New Jersey. Our corporate vision is to become the leading retail energy and related services provider in the northeastern quadrant of the United States.

Products and services provided by FirstEnergy subsidiaries and affiliates include the generation and sale of electricity; exploration and production of oil and natural gas; transmission and marketing of natural gas to large commercial and industrial customers; and telecommunications.

FirstEnergy's Facilities Services subsidiaries provide a wide range of services, including heating, ventilating, air conditioning, refrigeration, process piping, plumbing, electrical and facility control systems, and high-efficiency electro technologies that help customers be more productive at home and at work.

FirstEnergy facts

- 4.4 million customers
- 36,100-square-mile service area in Ohio, Pennsylvania and New Jersey
- More than \$12 billion in annual revenues
- Approximately 13,000 megawatts of generating capacity
- 14,700 miles of transmission lines and 84 interconnections with 13 electric systems
- FirstEnergy's service area is within a 500-mile radius of one-half of the U.S. population



Our procurement mission – mutually productive relationships with our valued suppliers

As with many major corporations, FirstEnergy believes that open, collaborative relationships with suppliers represent the lifeblood of our continued success.

We remain committed to maintaining, strengthening and deepening lines of communication with our existing suppliers – as well as pursuing relationships with new suppliers.

We value suppliers who are committed to providing the highest standards of quality while recognizing our need for competitive pricing and innovative solutions.

This brochure provides useful information that suppliers can use to make it easier to do business with FirstEnergy. We look forward to renewing familiar relationships and developing new ones in the near future.



Bradford F. Tobin
Chief Procurement Officer,
Vice President of Supply Chain
FirstEnergy

Supplier Diversity at FirstEnergy

FirstEnergy's Supplier Diversity Program provides opportunities in a competitive environment for several business groups – small, woman-owned, minority-owned, HUBZone, veteran-owned and service disabled veteran-owned. Deregulation, customer choices, and continued improvements in customer service are requiring utilities to look at new and innovative approaches to gaining a competitive advantage.

Service, quality and competitive prices will continue to be the driving forces in a deregulated marketplace. And FirstEnergy recognizes the importance of supplier diversity in helping us reach all of our corporate goals.

In addition to our own commitment to supplier diversity, we will continue to comply with all laws and regulations that require the inclusion of a diverse vendor base.



FirstEnergy Supplier Diversity Program Eligibility

To be eligible for FirstEnergy credits toward diversity accomplishments, the supplier should be a:

Small Business – a business independently owned and operated that is not dominant in its field and meets Small Business Administration size standards. Generally has less than 500 employees and owner net worth is less than \$750,000.

Small Disadvantaged Business – a business that is at least 51% owned by someone who is found to be socially and economically disadvantaged by Small Business Administration standards and/or individual(s) who are African American, Hispanic American or Asian.

Woman-Owned Business – a business that is at least 51% owned by a female(s) who controls the daily management.

HUBZone Business Concern – a small business that is located in a historically underutilized business zone (HUBZone), is owned and controlled by one or more U.S. Citizens, and at least 35% of its employees reside in a HUBZone. You can check the SBA website to determine if an address or area is in a qualified HUBZone.

Veteran-Owned Small Business – a business not less than 51% of which is owned by one or more veterans or, in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more veterans; and (b) the management and daily business operations of which are controlled by one or more veterans. The term "veteran" has the meaning defined in 38 U.S.C. 101.

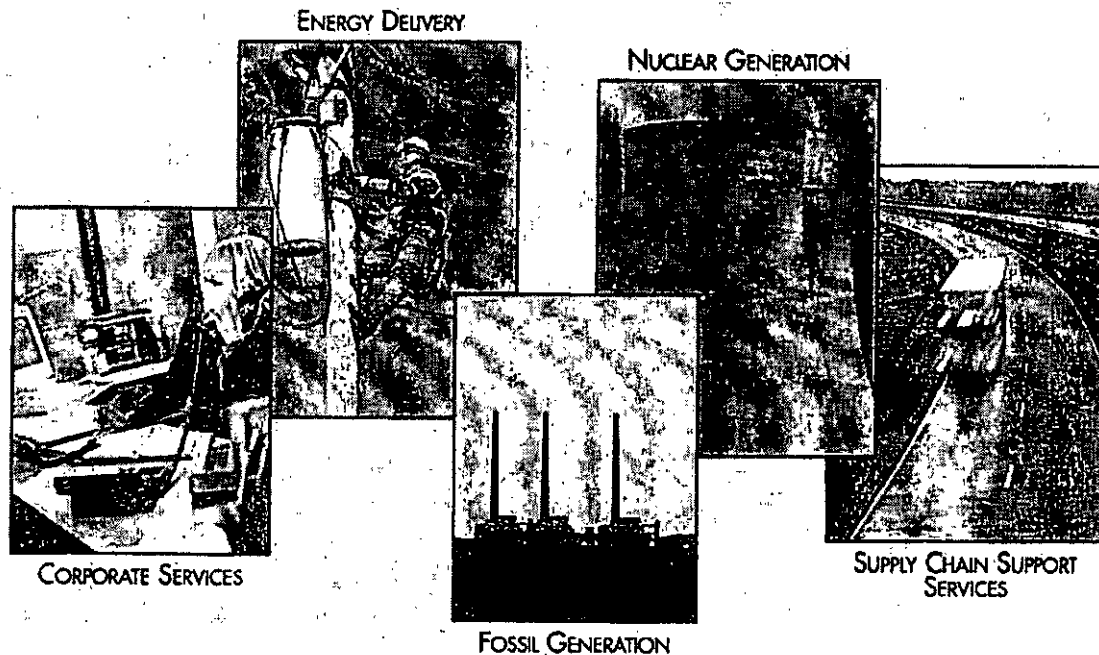
Service Disabled Veteran-Owned Small Business – same as above with "disabled" veteran ownership.

A more detailed description of the FirstEnergy Supplier Diversity Program is included in the pocket of this folder.



What FirstEnergy buys

FirstEnergy's Supply Chain includes a wide variety of commodities within these departments:



A detailed listing by specific categories, with contacts and phone numbers, is included in the pocket of this folder.

How FirstEnergy buys

FirstEnergy uses a variety of methods to obtain necessary goods and services. These methods include: standard RFP offerings, RFx, straight bid, reverse auctions, negotiated agreements and others.

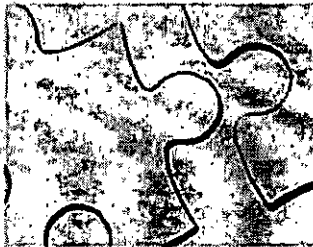
FirstEnergy Supply Chain has moved from a traditional purchasing structure to a Strategic Sourcing environment – providing suppliers more information and research on how their products and/or services fit into the company's overall strategies and goals.

In addition, we maintain a proactive Supplier Diversity Program as an extension of our corporate commitment to promote diversity at every level of our company.

How to register as a supplier with FirstEnergy

By registering as a diverse supplier, and identifying the products and services you provide, you will be entered into FirstEnergy's diverse supplier database, allowing you to be considered to receive requests for information and requests for quote for products and services you provide. Complete the FirstEnergy Supplier Network registration form (included in the pocket of this folder) and submit it to **FirstEnergy Supplier Network, 9th Floor, 76 South Main St., Akron, OH 44308.**

**FirstEnergy Supplier Network
76 South Main Street, 9th Floor
Akron, OH 44308**



For more information, call:
1-800-646-0400

or visit our website
www.firstenergycorp.com

FirstEnergy

FirstEnergy Corp.

is a diversified energy company headquartered in Akron, Ohio. Our subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, energy management and other energy-related services.

Our seven electric utility operating companies comprise the nation's fifth largest investor-owned electric system, serving 4.5 million customers within 36,100 square miles of Ohio, Pennsylvania and New Jersey; and our generation subsidiaries own or operate more than 14,000 megawatts of capacity.

Contacting Us

If you're interested in doing business with FirstEnergy, register with us via our Web site:
www.firstenergycorp.com/supplychain

FirstEnergy

SUPPLIERS

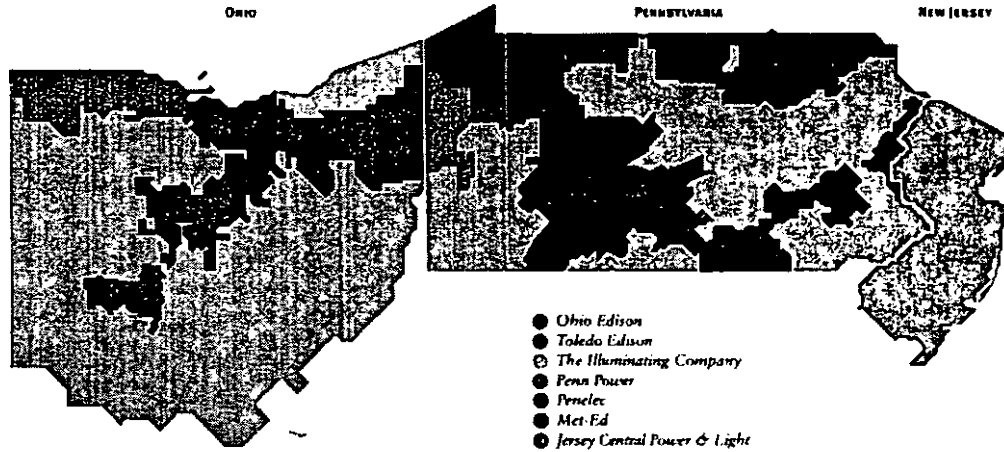
By Working Together,

WE CAN SUCCEED TOGETHER

At FirstEnergy,

we believe our suppliers are vital to our success. That's why we remain committed to strengthening, maintaining and deepening lines of communication with our existing suppliers - and we welcome the opportunity to develop new relationships.

FirstEnergy



Our Needs

As one of the nation's largest electric companies – serving more than 4.5 million customers across three states – FirstEnergy contracts with numerous suppliers for thousands of products and services, including:

CORPORATE SERVICES – office equipment and supplies, software, consulting and logistic services, travel and transportation, telecommunications, maintenance and construction

ENERGY DELIVERY – distribution hardware and transformers, tools, wood poles, meters, vehicle and

moving services, street lighting, wire and cables, power transformers, high voltage line contracting, vegetation management and forestry services

FOSSIL GENERATION – boilers (parts, mills, services), coal handling, I&C control systems, motors, pumps, chemicals, gases and turbine generator parts and services

NUCLEAR GENERATION – service and material commodities for Beaver Valley Power Station, Davis-Besse Nuclear Power Station and Perry Nuclear Power Plant

Supplier Diversity

We have an active Supplier Diversity Program that is designed to build partnerships with the following business classifications:

- **Small Business**
- **Small Disadvantaged Business/8A**
- **Minority-Owned Business**
- **Women-Owned Business**
- **HUBZone Located Business**
- **Veteran-Owned Business**
- **Service Disabled Veteran-Owned Business**

For more information, contact the Supplier Diversity Coordinator in your area:

CHAD HEYMAN

Akron, Ohio
330-255-1757
heymane@firstenergycorp.com

TABITHA STANISLAW

Pennsylvania/New Jersey
610-921-6606
tstanislaw@firstenergycorp.com

FYI

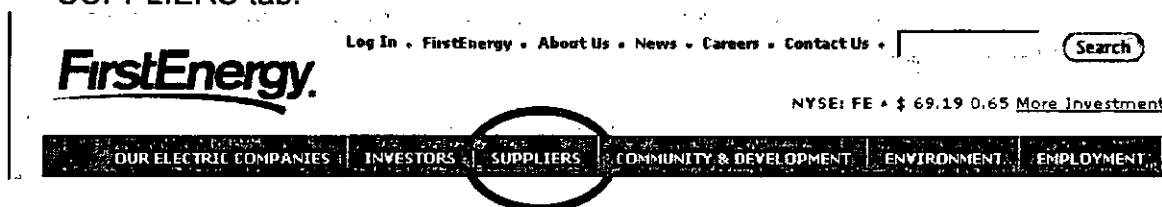
In 2006, FirstEnergy spent approximately \$400 million of our operating costs with diverse suppliers.

How to Register as a Supplier with FirstEnergy

By registering as a supplier, and identifying the products and services you provide, you will be entered into FirstEnergy's SupplierGATEWAY database. This will allow you to be considered to receive Requests for Information and Requests for Quote for your products and services.

To Register:

1. Log on to our Supplier Registration portal at: www.FIRSTENERGYCORP.com and click SUPPLIERS tab.



2. Click - [Supply Chain](#) on left side of page.
3. Click - [Supplier Registration](#) on left side of page.
4. Click - the link <https://app.suppliergateway.com/firstenergycorp>
5. Click Here for Supplier Registration:

Welcome to the FirstEnergy Supplier Registration Site!

Welcome to FirstEnergy's Supplier Registration Tool!
FirstEnergy believes that open, collaborative relationships with suppliers are vital to our continued success.

Click Here for
Supplier Registration

6. Please take your time to complete the detailed application and click the submit button.

After Registering:

1. Supply Chain personnel will use the FirstEnergy SupplierGATEWAY database to source suppliers for consideration on bid opportunities.
2. Please email us at: tstanislaw@firstenergycorp.com. In your email please include the following:
 - a. Notification that your company is now registered on FirstEnergy's SupplierGATEWAY.
 - b. If your company is classified as small, woman-owned, minority-owned, Small Disadvantaged Business, 8A, HUBZone, veteran-owned and service disabled veteran-owned, please attach your applicable certification document(s) (State Agency, NMSDC, SBA, WBENC, etc.)
 - c. Provide us with a brief narrative on your product or services.
 - d. Link your website and attach any electronic marketing materials, brochures or articles that best describe your company and products.

Your email will be transmitted to a Buyer to notify them of your completed registration.
3. We also recommend you contact the appropriate Buyer to follow up on the registration (see Contact List located as a link on the Supplier Registration site).

For Questions: Please contact Toby Stanislaw at 610-921-6606 (tstanislaw@firstenergycorp.com) or Chad Heyman at 330-255-1757 (heymanc@firstenergycorp.com)



Sourcing Action Council Report - Diversity Report
2008

Run Date: 3/14/2008
Run Time: 1:33:53 PM

Realized in 2008, Projected in 2008 and beyond, Sourced in 2008 and before

Pipeline

Fossil Generation S.C.

Diverse Opportunities

Terry M Giesken

FOS-1283 Boiler Tube Inventory reduction with R-S Matco selling excess boiler tubes.

Annual Spend	2008	2009	2010	2011	2012	Reason
Total Spend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Buyer Total	\$0.00	\$0.00	\$0.00	\$0.00	0	
Diversity Indicator Total	\$0.00	\$0.00	\$0.00	\$0.00	0	

Non-Diverse Opportunities

Deborah A Inks

FOS-1040 Ashtabula #5 2008 outage

Annual Spend	2008	2009	2010	2011	2012	Reason
Total Spend	\$48,772.00	\$0.00	\$0.00	\$0.00	\$0.00	

FOS-1043 EL Unit 1 Generator Rewind-2008

Annual Spend	2008	2009	2010	2011	2012	Reason
Total Spend	\$749,000.00	\$0.00	\$0.00	\$0.00	\$0.00	

FOS-1139 AT 5 Generator Collector Ring

Annual Spend	2008	2009	2010	2011	2012	Reason
Total Spend	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	vn Diverse Supplier
Buyer Total	\$847,772.00	\$0.00	\$0.00	\$0.00	0	

Gary L Schindler

FOS-1093 Mansfield Unit 1 R/P IP Rotor 8th Stage Buckets and High Speed Balance

Annual Spend	2008	2009	2010	2011	2012	Reason
Total Spend	\$460,000.00	\$0.00	\$0.00	\$0.00	\$0.00	vn Diverse Supplier

FOS-1094 Mansfield Unit 1 Alterrex Voltage Regulator Upgrade

MONTH	STATE	ACTIVITY
JANUARY		
17	OH	FraserNet Networking Event @ Cleveland Crowne Plaza with Lorna Wisham
18	OH	Toledo Chamber MBS Committee Mtg.
19	OH	NOMBC Partners First Mtg at KSU
18-19	AZ	EEI GSA/SBA Best Practices Session - Phoenix AZ
23	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
24	OH	NOMBC Membership & Marketing Mtg - Chair
25	OH	NOMBC Board Meeting - 1st Vice Chair
FEBRUARY		
6	OH	Cleveland Commission on Economic Inclusion Mtg. @ Plain Dealer
8	NJ	NJ Assoc. of Women Business Owners Procurement Fair - Pine Manor, Edison NJ
8	OH	Toledo Chamber MBS Committee Mtg. - Bring a Guest
15	PA	MSDC of PA-NJ-DE General Membership Meeting - Giant Foods, Carlisle,
15	OH	Wake up with the NOMBC Training Series @ BETA with Phil Shotwell
16	OH	NOMBC Partners First Mtg. - Akron
19	DC	NARUC UMAP Sub-Committee Mtg. in Washington, DC
22	OH	Ohio GATE Mtg @ PUCO Offices in Columbus, OH
22	OH	NOMBC Executive Committee Mtg.
24	OH	BLACKpages Makin' it Happen at Rolling Acres Mall in Akron
27	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
28	OH	NOMBC Membership & Marketing Committee Mtg. - Chair
MARCH		
6	NJ	SBA Alliance Mid-Atlantic 2007 Matchmaker - Atlantic City NJ
8	OH	Toledo Chamber MBS Committee Mtg.
12	OH	Kent State University Matchmaker Event - with Partners First Group
13	OH	Cleveland Commission on Economic Inclusion Mtg. @ Plain Dealer
16	OH	NOMBC Partners First Mtg.
20-21	OH	SBA/ Urban League Matchmaker at Jacob's Field, Cleveland
22	OH	NOMBC Board Meeting - 1st Vice Chair
26	PA	WBDC Qtr. Membership Mtg. - Allentown, PA
27	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
28	OH	NOMBC Membership & Marketing Committee Mtg.
APRIL		
9	PA	MSDC Council Mtg. with Harrisburg Mayor Reed & Peter Speaks @ Hilton
12	OH	Toledo Chamber MBS Committee Mtg.
20	OH	NOMBC Akron Partners First Mtg.
24	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
25	PA	WBEC Success Strategies for Business Women Conf. Matchmaker, Union League - Phila., PA
25	OH	NOMBC Membership & Marketing Committee Mtg.
26	OH	Ohio GATE Mtg @ PUCO Offices in Columbus, OH
26	PA	WBDC Qtrly. Meeting - Allentown, PA
26	OH	NOMBC Executive Committee Mtg.

MONTH	STATE	ACTIVITY
MAY		
8	OH	Cleveland Commission on Economic Inclusion Mtg. @ Plain Dealer
10	OH	Toledo Chamber MBS Committee Mtg.
10	PA	MSDC MBE Spotlight Meet & Greet @ Giant Foods, Carlisle, PA
11	PA	Pittsburgh RMPC Business Opportunity Fair - Pittsburgh, PA
15-16	NJ	NJAWBO Annual Conference - Trump Plaza, Atlantic City, NJ
17	NJ	Veteran & S-D Veteran Government Procurement Fair, Mountain Lakes NJ
18	OH	NOMBC Akron Partners First Mtg.
22	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
22	NJ	NMSDC Leadership Awards Dinner - NYC
23	OH	NOMBC Membership & Marketing Mtg - Chair
24	PA	MSDC/SBA 2nd Tier & Mentor Workshop @ Conectiv, Newark DE
24	OH	NOMBC Board Meeting - 1st Vice Chair
30-31	NV	EEl Matchmaker Conference - Las Vegas, NV
JUNE		
1	NV	EEl Matchmaker Conference - Las Vegas, NV
4	OH	Ohio Business Opportunity Golf Classic - Cleveland
5-6	OH	Ohio Business Opportunity Fair - Cleveland
6	PA	WBEC Annual Conference Awards Luncheon & Council Meeting
14	NJ	16th Annual SBA/SBDC Procurement Matchmaker- Newark, NJ
14	OH	Toledo Chamber MBS Committee Mtg.
15	OH	NOMBC Akron Partners First Mtg.
26	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
27	OH	NOMBC Membership & Marketing Mtg - Chair
28	OH	Ohio GATE Mtg @ PUCO Offices in Columbus, OH
28	OH	NOMBC Executive Committee Mtg.
JULY		
12	OH	Toledo Chamber MBS Committee Mtg.
12	PA	MSDC 2nd Tier RoundTable - Conectiv, Newark, DE
16	PA	NARUC UMAP Summer Meeting, New York, NY
17	OH	Cleveland Commission on Economic Inclusion Mtg. @ Plain Dealer
18	PA	WBENC Certification Training - Philadelphia, PA
20	OH	NOMBC Akron Partners First Mtg.
24	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
25	OH	NOMBC Membership & Marketing Mtg - Chair
26	OH	NOMBC Board Meeting - 1st Vice Chair
AUGUST		
1	PA	WBDC Executive Leadership Meeting & Luncheon Series
9	OH	Toledo Chamber MBS Committee Mtg.
17	OH	NOMBC Akron Partners First Mtg.
17	PA	WBDC Breakthrough Breakfast - Pittsburgh, PA
22	OH	NOMBC Membership & Marketing Mtg - Chair
23	OH	NOMBC Executive Committee Mtg.
28	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ

MONTH	STATE	ACTIVITY
SEPTEMBER		
11	OH	Cleveland Commission on Economic Inclusion Mtg. @ Plain Dealer
13	OH	Toledo Chamber MBS Committee Mtg.
18	PA	Making the Most of your M/WBE Certification - Dixon Hall Kutztown SDBC Ctr. Harrisburg PA
21	OH	NOMBC Akron Partners First Mtg.
25	NJ	NJ BPU Annual Conference - Sheraton Raritan Center, Edison NJ
26	OH	NOMBC Membership & Marketing Mtg - Chair
27	OH	Ohio GATE Mtg @ PUCO Offices in Columbus, OH
27	OH	NOMBC Board Meeting - 1st Vice Chair
OCTOBER		
3	PA	WBEC Breakthrough Breakfast/Business Opportunity Fair & Council Meeting
9-11	NJ	MSDC of PA-NJ-DE EXPO Opportunity - Atlantic City NJ
11	OH	Toledo Chamber MBS Committee Mtg.
11	OH	NOMBC Board Meeting - 1st Vice Chair
19	OH	NOMBC Akron Partners First Mtg.
23	NJ	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
24	OH	NOMBC Membership & Marketing Mtg - Chair
25	OH	NOMBC Executive Committee Mtg.
28-31	FL	NMSDC National Conference - Miami FL
NOVEMBER		
2	PA	WBDC Executive Leadership Series & Luncheon Meeting
6	PA	EUCI Conference on Supplier Diversity - Philadelphia, PA
7-8	OH	5th Annual Ohio Veterans Business Symposium
8	OH	Toledo Chamber MBS Committee Mtg.
8	PA	PA Governor's Conference for Women - Phila., PA
12	OH	NARUC Annual UMAP Meeting - Anaheim, CA
13	OH	Cleveland Commission on Economic Inclusion Mtg. @ Plain Dealer
16	OH	NOMBC Akron Partners First Mtg.
16	PA	WBDC Council Meeting @ Beaver Valley Nuclear Facility
27	OH	NJ BPU - SDDC Council Meeting - PSEG, Edison NJ
28	OH	Ohio GATE Mtg @ PUCO Offices in Columbus, OH
28	OH	NOMBC Membership & Marketing Mtg - Chair
29	OH	NOMBC Board Meeting - 1st Vice Chair
DECEMBER		
13	OH	Toledo Chamber MBS Committee Mtg.
18	NJ	NJ BPU - SDDC Holiday/Election Meeting - PSEG, Edison NJ

INNOVEST Supplier Diversity Write Up

February 26, 2007

Question: Has FirstEnergy established a specific goal for purchasing with diverse suppliers?

Answer: Yes, FirstEnergy has an established, successful Supplier Diversity program that includes specific spend goals with diverse suppliers. The Supplier Diversity Program is set up to reflect the Small Business Administration's 6 areas of interest i.e. Small Business, Small Minority-owned, Small Woman-owned, Small HUBZone, Veteran-owned and Service Disabled Veteran-owned. There are specific spend goals for each of the 6 areas. These goals are reported on to the Supply Chain Leadership Team each month. A majority of the Supply Chain has a portion of their annual bonus tied to achieving these spend goals. The spend goal for the 6 SD areas of reporting is in excess of 35% of annual spend.

At a national level, FirstEnergy holds an executive position on the Edison Electric Institute's Supplier Diversity Committee. The company also holds leadership roles in promoting supplier diversity throughout Ohio, New Jersey and Pennsylvania through the Utility Market Access Partnership (UMAP) strategy developed by the National Association of Regulatory Commissioners (NARUC). FirstEnergy employees serve as President of both the Ohio and New Jersey public utility commission UMAP councils. FirstEnergy has been instrumental in developing the strategy and guidelines employed by these State regulatory bodies to 1) encourage other regulated utilities to develop a supplier diversity program, and 2) assist in the growth of diverse business enterprises in our 3 state service jurisdiction.

FirstEnergy has a regionally recognized Supplier Diversity program and has received numerous awards and special recognitions in each of the 3 states we operate in. A brief list of recent awards includes:

- Ohio BLACKpages 2006 Economic Impact Award
- Ohio BLACKpages 2006 Minority Advocate of the Year Award
- Ohio Veteran's Business Symposium Hall of Fame Inductee
- Northern Ohio Minority Business Council's 2006 Economic Impact Award
- Cleveland Commission on Economic Inclusion's Supplier Diversity Program of the Year Award for 2005
- FirstEnergy's U.S. Small Business Administration current Compliance Review rating is Highly Successful
- 2006 Distinguisher Service Award by the Minority Supplier Development Council of PA-NJ-DE
- The 2006 Chairman's Award by the Minority Supplier Development Council of PA-NJ-DE
- JCP&L/FirstEnergy received the New Jersey Board of Public Utilities Recognition Award – in recognition of its outreach and developing relations with the minority and women-owned business community in the State of New Jersey on May 26, 2006
- The 2006 Advocate Award from the NJ Board of Public Utilities.

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PHIL MASTURZO/Akron Beacon Journal

Kero President and Chief Executive Keith Harris (left) meets with FirstEnergy Vice President and Procurement Officer Brad Tobin (center) and Supply Diversity Coordinator Chad Heyman. Harris says advice from FirstEnergy has helped him grow his business.

Mentors provide crucial assistance

Partners First links minority firms with knowledge at big corporations

By Paula Schiele
Beacon Journal business writer

Keith Harris wasted no time reaching for the phone when he heard some big local corporations were interested in mentoring small minority-owned businesses.

His company, Kero International, was just six months old at the time - and that was long enough for him to realize there was a whole lot to running a business that he had yet to learn.

Under the guidance of veterans at FirstEnergy, Kero - a supplier of obsolete and hard-to-find industrial materials, mechanical cable and metal - recorded more than \$300,000

in sales in its first full year of business last year.

"As a small business, we're going to run into many things we've never seen before, but that FirstEnergy has probably dealt with on a regular basis," Harris said.

Kero and FirstEnergy met through "Partners First," an initiative of the Northern Ohio Minority Business Council. The NOMBC certifies that businesses are minority-owned for corporations seeking diversity among vendors.

Partners First was organized by Chad Heyman, supplier diversity coordinator for FirstEnergy and first vice chair of NOMBC's board.

Heyman said his motivation three years ago was to broaden

the reach of NOMBC. While the nonprofit organization was supposed to serve half the state, about 85 percent of its members were in Cuyahoga, Lake and Lorain counties.

"I really wanted to see Summit and other counties better represented," Heyman said. FirstEnergy's headquarters are in Akron.

Some daunting organizational challenges lay ahead.

Making it work

NOMBC first had to talk more corporations in this area - companies with at least 500 employees with the kind of experience that would benefit smaller businesses - into becoming dues-paying members. There's a \$2,000 annual fee.

Geographic teams were

Please see Mentor, C7

ABOUT PARTNERS FIRST

Here are local corporations and institutions participating in this Northern Ohio Minority Business Council program, followed by the minority-owned businesses they are mentoring:

FirstEnergy (Akron)

- Kero International, wire and cable supplier (Twinsburg)
- M V Technologies Inc., environmental consulting (Akron)
- Debt Credit Services, collections agency (Akron)
- AG Print Promo Solutions, promotional materials and apparel (Cuyahoga Falls)
- Overstreet Financial Group, accounting and job cost tracking (Akron)

Summa Health System (Akron)

- AlphaGraphics, full service print shop (Akron)

Kent State University (Kent)

- Global Point Technology (IT/Telecom Consulting/Cable Pulling)
- ClarkTel, telecom hardware/wiring (Akron)

J. F. Good Co. (Akron)

- MasterSource Co., steel supply (Akron)

Davey Tree Expert Co. (Kent)

- All Around Body Shop, vehicle body work (Akron)

Fifth Third Bank

- G. Stephens Inc., commercial construction (Akron)

ABOUT NOMBC

Partners First is just one of the programs of the Northern Ohio Minority Business Council, a nonprofit group that helps minority-owned businesses of all sizes.

For more information, visit nombonline.org or call 216-363-6300.

2nd Tier Reporting Policy

FirstEnergy's 2nd Tier Reporting Policy is to enhance, not replace, our companies efforts to increase meaningful opportunities for small, minority, women-owned, veteran and service disabled veteran owned businesses (herein referred to as diverse businesses) that do not have the capacity to supply FirstEnergy directly. We look to our 1st Tier large suppliers to share similar values regarding utilization of small diverse businesses, especially when fulfilling FirstEnergy and affiliate work requirements. Second Tier initiatives shall be encouraged by all parties, including FirstEnergy, 1st Tier large supplier, 2nd Tier Suppliers and advocacy partners.

As a prime contractor to the federal government we are required by federal legislation (FAR Clause 52.219-9) to solicit our 1st Tier large suppliers receiving a single contract in excess of \$550,000 (or \$1,000,000 in construction) to adopt a Supplier Diversity Program similar to ours and report annual subcontracting activity to FirstEnergy quarterly.

Supply Chain personal will attempt a "Best Faith Effort" when soliciting subcontracting bid opportunities and procuring products and services required by FirstEnergy.

2nd TIER REPORTING PROGRAM

THE PARTNERSHIP

FirstEnergy's Supplier Diversity Program provides opportunities in a competitive environment for diverse businesses. Deregulation, customer choices, and continued improvements in customer service are requiring utilities to look at new and innovative approaches to gaining a competitive advantage.

Our 2nd Tier Reporting Program has been implemented to enhance, not replace, our own efforts to increase meaningful business opportunities for diverse businesses. As a 1st Tier large supplier to FirstEnergy we look to you to partner with us and share similar values regarding the utilization of diverse businesses, especially when fulfilling our contract requirements.

When FirstEnergy awards a single contract to a 1st Tier large supplier in excess of \$550,000 (or \$1,000,000 in construction) we are required by federal legislation (FAR Clause 52.219-9) to require the contract holder to adopt a Supplier Diversity Program similar to ours.

SUBCONTRACTING PLAN

FirstEnergy, as the designated Agent on behalf of Cleveland Electric Illuminating Company, Ohio Edison Company, Pennsylvania Power Company, Toledo Edison Company, Pennsylvania Electric Company, Jersey Central Power & Light and Metropolitan Edison Company, is required to file a Commercial Products Plan annually with the U.S. General Services Administration. This Plan is submitted for the consideration of the Public Utilities Division – Public Buildings Service, General Services Administration (Contracting Activity). Pursuant to Chapter 2, Section 211. Section 8(d) of the Small Business Act, this Plan (as defined in FAR 19.701) is filed on a calendar year bases January 1 through December 31. The Plan covers all FirstEnergy regulated company planned subcontracting on a company-wide basis.

Contract Number: GS-00P-99-BSD-0105 (Ohio Edison)
 GS-00P-87-BSD-0016 (JCP&L)
 GS-00P-88-BSD-0006 (Penelec)

(Button) – to click on to go to copy of current 2008 Subcontracting Plan

SECOND TIER REPORTING – FAR FLOWDOWN

As a 1st Tier Supplier you are requested to:

- report subcontracted expenditures to FirstEnergy biannually,
- establish a Supplier Diversity program and goals for your company, and
- identify individual(s) responsible for administering and monitoring your Subcontracting Plan.

REPORTING SPEND

FirstEnergy adopted the direct and indirect method of reporting M/WBE subcontract expenditures. A 1st Tier large supplier may choose either of the two methods in communicating the level of their M/WBE participation to FIRSTENERGY. The Direct method is preferred especially when M/WBE expenditures are clearly identifiable with a specific product or service provided to FIRSTENERGY. MBE and WBE data must be reported separately.

You will be required to report quarterly your expenditures with diverse businesses. The information you submit to us will be used to evaluate contract compliance and may be used, in aggregate, to complete required regulatory reports with federal or state agencies and local advocacy groups.

DEFINING A DIVERSE BUSINESS

FirstEnergy views a diverse business as one that meets federal and state regulatory certification requirements. A diverse business is considered to be a small:

- minority-owned
- woman-owned
- HUB (historically underutilized business) Zone
- service-disabled veteran-owned
- veteran-owned
- small disadvantaged business.

The diverse business must be at least 51% owned, managed or controlled by one or more such individuals. In the case of a publicly owned business, one or more such individuals must own at least 51% of the stock. The diverse business owners must be an US citizen or naturalized citizen.

A “small” business must meet the size criteria established by the Code of Federal Regulations, Small Business Size Regulations (CFR Title 13, Part 121).

3RD PARTY CERTIFICATION PROVIDERS

FirstEnergy encourages diverse businesses be certified by an accredited 3rd party provider such as:

National Minority Supplier Development Council
Website: www.nmsdcus.org

Women’s Business Enterprise National Council
Website: www.wbenc.org

**U. S. Small Business Administration (SBA) /
Central Contractor Registration (CCR)***
(Dynamic Small Business Search)
Website: www.ccr.gov

Other Government Agencies (State & Federal)
Contact your local city, county, state, or federal government agency to obtain info. on how to obtain certification.

* Certifies Small Disadvantaged Businesses, 8a and businesses located in a Historically Underutilized Business Zone

REPORT VALIDATION

Program accuracy and verification is necessary for a successful 2nd Tier Program. First Tier Suppliers meeting the \$550,000 or \$1 million threshold are required to report its 2008 direct and indirect spend with diverse businesses to FirstEnergy. FirstEnergy has contracted with SupplierGATEWAY, a third party supplier information management company, to administer our 2nd Tier Supplier Diversity Reporting program. All information provided to FirstEnergy is kept confidential, and will be used internally to evaluate contract compliance. The information will be used, in aggregate, to complete required regulatory reports with federal,

state, local advocacy organizations, and will not be shared with any other supplier unless expressly requested by your company.

If you have not already registered with SupplierGateway you begin this process by establishing a User Account at <https://app.suppliergateway.com/FirstEnergy/Login.aspx>.

(SupplierGateway Registration Instruction link button)

- Contracts awarded by FirstEnergy based on 2nd Tier diverse subcontractor participation must be reported by you as DIRECT Spend and could be audited biannually.
- The SBA requires 1st Tier Suppliers to adopt a Supplier Diversity Program and goals as stated in FAR Clause 52.219-9).
- Misrepresenting or falsifying the work or payments awarded to diverse subcontractors may constitute a breach of contract by the 1st Tier supplier.

REPORTING FREQUENCY

Supplier's meeting the awards reporting threshold will be required to quarterly supply information and data on their specific use of diverse suppliers.

2ND TIER TERMINOLOGY

1st TIER SUPPLIER	The large majority-owned company awarded a FirstEnergy contract.
2nd TIER	2nd Tier purchasing is the process through which the 1st Tier supplier assists the customer (FirstEnergy) in meeting its diversity initiatives.
2nd TIER SUPPLIER	A diverse business subcontracted to by the 1st Tier Supplier.
CERTIFIED	Refers to a minority, woman-owned or small disadvantaged business that has met the ownership, control and operation requirements of a third party agency.
CONTRACT ADMINISTRATOR	The FirstEnergy representative to whom all contractual questions regarding a contract's product or scope of work should be directed to.
DIRECT	Direct reporting is used when a 1st Tier supplier can directly relate a payment to a subcontractor for specific work performed on behalf of a FirstEnergy.
DIVERSE BUSINESS	A diverse business is either a small business, MBE, WBE, HUBZone Business, VET or S-D VET as defined above.
HUBZONE CONCERN	A HUBZone is a historically underutilized business zone, which is an area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation. The SBA (www.sba.gov/hubzone/) per FAR 52.219-1 maintains criteria for HUBZone concern designation.
INDIRECT SPEND	Indirect reporting is used when a 1st Tier supplier cannot directly relate

REPORTING	payments made to a subcontractor for specific work performed on behalf of FirstEnergy.
MINORITY BUSINESS ENTERPRISE (MBE)	An MBE is defined by the Small Business Administration and/or National Minority Supplier Development Council, Inc. as at least 51% owned by one or more minority U.S. citizen. One or more such individuals must control its management and daily operation. In the case of a publicly owned business, one or more such individuals must own at least 51% of the stock. The minority owner(s) must be a U.S. citizen whose origins are African American, Asian- Indian, Asian-Pacific, Hispanic or Native American (American Indian, Eskimo, Aleut or Native Hawaiian).
NORTH AMERICAN INDUSTRY CLASS STANDARDS (NAICS)	The NAICS (pronounced Nakes) was developed as the standard in classifying a businesses size. It was also developed in cooperation with Canada and Mexico to establish a 3-country standard that allows for a high level of comparability in business statistics. NAICS is the first economic classification system to be constructed based on a single economic concept. To learn more go to www.census.gov/epcd/www/naicsdev.htm .
PRIME CONTRACTOR	As a contractor to the federal government – FirstEnergy is considered to be a Prime Contractor.
SBA	U.S. Small Business Administration
SERVICE-DISABLED VETERAN-OWNED	A S-DVET is a small business that is at least 51% owned by one or more service-disabled veterans. In the case of a publicly owned business, at least 51% of the stock is owned by one or more service-disabled veterans; and whose management and daily business operations are controlled by one or more such individuals. A service-disabled veteran is a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service connected, as defined in 38 U.S.C. 101(16).
SMALL DISADVANTAGED BUSINESS (SDB)	An SDB is certified by the Small Business Administration as a small business concern that is at least 51% unconditionally owned by one or by one or more individuals who are both socially and economically disadvantaged. In the case of a publicly owned business that has at least 51% of its stock must be unconditionally owned by one or more socially and economically disadvantaged individuals and that has management and daily business controlled by one or more such individuals as defined under 15 U.S.C. 637(b)(6) in Part 121 of Title 13 of the Code of Regulations.
SUBCONTRACT	Is any agreement (other than one involving an employer-employee relationship) entered into by a Prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.
SUBCONTRACTOR	A supplier contracted to perform work by a 1st Tier supplier.

VETERAN-OWNED
SMALL BUSINESS (VET)

A VET is a small business that is at least 51% owned by one or more veterans. In the case of a publicly owned business, at least 51% of the stock is owned by one or more veterans; and whose management and daily business operations are controlled by one or more such individuals.

WOMEN BUSINESS
ENTERPRISE (WBE)

A WBE as defined by the Small Business Administration (FAR 52.219-1) is one that is at least 51% owned by one or more women; or in the case of any publicly owned business, at least 51% of the stock is owned by one or more women; and whose management and daily business operations are controlled by one or more such individuals.

FREQUENTLY ASKED QUESTIONS

1. Who should I contact regarding questions on my FirstEnergy Contract/Purchase Order?

Questions pertaining to a specific contract should be directed to the applicable Buyer for resolution.

2. Who should I contact with a question regarding FirstEnergy's 2nd Tier Diversity Program?

You should contact a Supplier Diversity Coordinator listed below.

3. How do I set up a Supplier Diversity Program for my company?

FirstEnergy will assist any of its 1st Tier large suppliers seeking to establish a supplier diversity program. The FirstEnergy Supplier Diversity Coordinators will work with the supplier and various advocacy groups in supporting our suppliers in meeting this initiative.

4. My company meets the dollar threshold for reporting 2nd Tier spends to FirstEnergy. How do I register my company to report these dollars?

The process begins with you registering your company and establishing your User Account in FirstEnergy's Supplier Registration System (administered by SupplierGATEWAY) secure site at <https://app.suppliergateway.com/FirstEnergy/Login.aspx>.

5. I forgot my SupplierGATEWAY password. Who should I contact?

You should contact SupplierGATEWAY Customer Support at 216-592-2522.

6. I would like to learn more about FirstEnergy's Supplier Diversity Program. Who should I contact?

Supplier Diversity Coordinators – Toby Stanislaw Email: tstanislaw@firstenergycorp.com
Phone: 610-921-6606

Chad Heyman Email: heymane@firstenergycorp.com
Phone: 330-255-1757

Visit our website at: www.firstenergycorp.com



800 Cabin Hill Drive
Greensburg, PA 15601

March 31, 2008

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Mr. McNulty:

M-00940057

Enclosed is Allegheny Energy's annual Human Resources Report on Diversity to the Pennsylvania Public Utility Commission. This report reflects the format provided to the Company by the PUC in the 2007 Management Audit.

We believe the information provided demonstrates the Company's commitment to taking positive, affirmative steps to attract and retain employees, particularly women and minorities.

Should you have any questions regarding the information provided, please feel free to contact me at 724-838-6050.

Sincerely,

A handwritten signature in cursive script that reads 'Diane C. Liska'.

Diane C. Liska
Manager, Organizational Effectiveness

ORIGINAL

**DOCUMENT
FOLDER**

ORIGINAL

Allegheny Energy's

Report on Diversity to the Pennsylvania Public Utility Commission

April 1, 2008

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Human Resources Section

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

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 expands to meet the changing energy consumer environment.

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

* Format changed from previous years to reflect new reporting standards required by the Equal Employment Opportunity Commission.

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

2003 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	509	18	0	4	0	103	2	0	0	1
Professionals	876	599	14	3	9	1	236	8	0	6	0
Technicians	558	415	10	1	1	0	126	4	1	0	0
Office and Clerical	605	58	6	0	0	0	513	26	2	0	0
Craft Workers	1941	1821	80	3	2	1	33	1	0	0	0
Operatives	472	394	24	0	1	0	50	2	0	1	0
Laborers	67	52	7	0	0	0	7	1	0	0	0
Service Workers	1	1	0	0	0	0	0	0	0	0	0
Totals	5157	3849	159	7	17	2	1068	44	3	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, and advertise 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
- Slippery Rock University
- Penn State - University Park
- Fairmont State University
- Indiana University
- University of Maryland
- Capitol College
- Anne Arundel Community College
- Recruit Military
- Blue Ridge Community & Technical College
- Montgomery College
- Montgomery College
- Morgan State University
- Ohio University
- Fairmont State University
- Lord Fairfax Community 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 may qualify. 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 450 courses available to them through licenses the company has secured with Mindleaders, 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 4.5%. Most turnover is attributed to retirements.

However, nearly 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 Maudsville, 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, Wetzel, 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	86	16	18.6%	35%	1	1%	14%
First/Mid Mgmt.	520	74	14.2%	31%	20	3.8%	11%
Professionals	662	168	25.3%	37%	28	4.2%	19%
Technician	516	129	25%	25%	17	3.2%	12%
Office & Clerical	507	436	85.9%	76%	19	3.7%	11%
Craft Workers	1509	24	1.5%	7%	57	3.7%	7%
Operatives	518	48	9.2%	23%	25	4.8%	8%
Laborers	64	12	18.7%	15%	5	7.8%	10%

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Allegheny Energy's

Report on Diversity to the Pennsylvania Public Utility Commission

April 1, 2008

Human Resources Section

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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.

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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

2003 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	509	18	0	4	0	103	2	0	0	1
Professionals	876	599	14	3	9	1	236	8	0	6	0
Technicians	558	415	10	1	1	0	126	4	1	0	0
Office and Clerical	605	58	6	0	0	0	513	26	2	0	0
Craft Workers	1941	1821	80	3	2	1	33	1	0	0	0
Operatives	472	394	24	0	1	0	50	2	0	1	0
Laborers	67	52	7	0	0	0	7	1	0	0	0
Service Workers	1	1	0	0	0	0	0	0	0	0	0
Totals	5157	3849	159	7	17	2	1068	44	3	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, and advertise 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
- Slippery Rock University
- Penn State - University Park
- Fairmont State University
- Indiana University
- University of Maryland
- Capitol College
- Anne Arundel Community College
- Recruit Military
- Blue Ridge Community & Technical College
- Montgomery College
- Montgomery College
- Morgan State University
- Ohio University
- Fairmont State University
- Lord Fairfax Community 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 may qualify. 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 450 courses available to them through licenses the company has secured with Mindleaders, 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.

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, Wetzel, 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	86	16	18.6%	35%	1	1%	14%
First/Mid Mgmt.	520	74	14.2%	31%	20	3.8%	11%
Professionals	662	168	25.3%	37%	28	4.2%	19%
Technician	516	129	25%	25%	17	3.2%	12%
Office & Clerical	507	436	85.9%	76%	19	3.7%	11%
Craft Workers	1509	24	1.5%	7%	57	3.7%	7%
Operatives	518	48	9.2%	23%	25	4.8%	8%
Laborers	64	12	18.7%	15%	5	7.8%	10%

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Allegheny Energy's
Report on Diversity to the Pennsylvania Public Utility Commission
April 1, 2008**

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 expands to meet the changing energy consumer environment.

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

* Format changed from previous years to reflect new reporting standards required by the Equal Employment Opportunity Commission.

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
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Totals	4285	3228	123	9	9	1	879	29	1	6	0

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800 Cabin Hill Drive
Greensburg, PA 15601

Job Categories	Over all Totals	Male					Female				
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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

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Professionals	842	583	13	3	6	0	227	4	0	6	0
Technicians	556	404	8	1	1	1	136	4	1	0	0
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Totals	5148	3861	153	10	13	2	1062	37	2	7	1

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Operatives	472	394	24	0	1	0	50	2	0	1	0
Laborers	67	52	7	0	0	0	7	1	0	0	0
Service Workers	1	1	0	0	0	0	0	0	0	0	0
Totals	5157	3849	159	7	17	2	1068	44	3	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.

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- Indiana University
- University of Maryland
- Capitol College
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Promotions:

Position changes must meet two conditions to be considered a promotion

- Change in EEO category (i.e. technician to professional)
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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 4.5%. Most turnover is attributed to retirements.

However, nearly 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:

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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, Wetzel, 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	86	16	18.6%	35%	1	1%	14%
First/Mid Mgmt.	520	74	14.2%	31%	20	3.8%	11%
Professionals	662	168	25.3%	37%	28	4.2%	19%
Technician	516	129	25%	25%	17	3.2%	12%
Office & Clerical	507	436	85.9%	76%	19	3.7%	11%
Craft Workers	1509	24	1.5%	7%	57	3.7%	7%
Operatives	518	48	9.2%	23%	25	4.8%	8%
Laborers	64	12	18.7%	15%	5	7.8%	10%



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An Exelon Company

PECO Energy Company
2301 Market Street
Philadelphia, PA 19103

Mail To: PO. Box 8699
PA 19101-8699

March 31, 2008

DOCUMENT
FOLDER

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

M-00940557

Re: PECO Energy Company's 2008 Annual Affirmative Action Report

Dear Secretary Mc Nulty:

Enclosed is a copy of PECO Energy Company's 2008 Annual Affirmative Action Report. A copy has also been mailed to Robert F. Wilson.

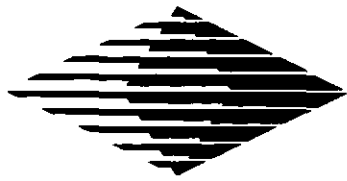
Sincerely,

A handwritten signature in cursive script that reads "Brian D. Crowe".

Enclosure

cc: Robert F. Wilson, Director of Fixed Utility Services

SAN:amm



PECO ENERGY

**2008
ANNUAL
AFFIRMATIVE ACTION
REPORT**

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

HUMAN RESOURCES SECTION

SECTION 1

**2008
PECO ENERGY COMPANY**

I. Narrative On Affirmative Action Efforts

Our Company

PECO is a subsidiary of Exelon Corporation, and is responsible for safe, reliable electric and natural gas distribution and customer service for residential, business and institutional customers in southeastern Pennsylvania. Its headquarters is in Center City, Philadelphia and its president is Denis P. O'Brien.

PECO maintains and operates the electric and gas distribution system that serves the fifth largest metropolitan area in the United States. The Company currently serves approximately 1.6 million electric customers in the City of Philadelphia as well as Bucks, Chester, Delaware, Montgomery and York counties. The Company also serves approximately 480,000 natural gas customers in the areas outside the city.

Our company's work force constitutes our most significant resource. Today's competition for the best-qualified talent requires that we recognize the unique characteristics and special talents of every employee and what it brings to our organization. This report provides an overview of PECO's Affirmative Action activities in 2007.

A. RECRUITMENT & DIVERSITY INITIATIVES

PECO experienced a significant increase in hiring activity in 2007; up from 115 in 2006 to 218 hires, a 90% increase. PECO increased the overall number of females in its workforce by 1.45 % and the overall number of minorities by 1.69%. Although the EEO category break down reflects a slight decrease in the officials and managers category, PECO increased its females in the key manager (Levels E5-E6) category (which is included in officials and managers) by 10.56% and minorities in the key manager category by 5.92%. In an effort to maintain and further develop its relationships with diverse recruitment resources, PECO's recruiting professionals attended a number of conferences and job fairs aimed at the recruitment of diverse candidates in the year 2007.

<i>Date</i>	<i>Event Title</i>	<i>Event Type</i>
<i>November '07</i>	<i>Society of Hispanic Professional Engineers</i>	<i>Recruiting</i>
<i>March '07</i>	<i>National Society of Black Engineers</i>	<i>Recruiting</i>
<i>June '07</i>	<i>National Association of Black Accountants</i>	<i>Recruiting</i>
<i>April '07</i>	<i>Philadelphia Urban Affairs Coalition</i>	<i>Recruiting</i>
<i>October '07</i>	<i>Society of Women Engineers</i>	<i>Recruiting</i>

PECO values diversity in its workforce and maintains a strong commitment to utilize a broad base of recruitment resources including online and paper publications as well as professional and community organizations. Local and national newspapers including diversity publications that target minorities, and Veteran's publications routinely receive PECO open position notifications. PECO's recruiting office notifies the State Employment Agency of the majority of the openings. PECO has worked diligently to maintain liaisons with diverse recruitment sources and has partnered with area organizations (or the local chapters) that represent female and minority interests.

In addition, PECO's recruiting professionals continue to utilize businesses that are diverse or target diverse talent to assist in the identification of top talent for the organization. The Company posts its open positions with the following online and other recruiting resources: Hispanic Online website (www.hispaniconline.com), Black Enterprise Website (www.blackenterprise.com) and the National Association of Black Accountants website (www.nabainc.org): BlackPlanet.com; AsianAvenue.com; MiGente.com; Hire Diversity Solutions; Kappa Alpha Psi Fraternity; NAACP Executive Diversity Job Fairs; the Retired Enlisted Association; and One Economy and Workplace Diversity.

PECO strives to promote and retain talented individuals in our current workforce. To ensure a constant flow of qualified candidates for positions that are traditionally filled from internal feeder pools, PECO is proactive in hiring qualified diverse talent throughout the organization. To that end, PECO promotes its corporate diversity efforts by developing minority and female early recruitment models that support our strategic staffing objectives while increasing the diversity of our feeder groups. The following narrates some of our efforts:

- **Pipeline for Success**
- **Drexel University Co-op Program**
PECO's Drexel University Co-op program provides a career-related work experience for Drexel University students. The goal of the program is to expose students to the corporate experience and correspondingly, develop a pool of candidates for future employment.

PECO partnered with the community organizations below to highlight our 2007 openings in customer service, aerial, underground and gas apprentice positions. The organizations received training on the positions in order to enable them to be better able to assist PECO in sourcing candidates:

- **The Greater Philadelphia Urban Affairs Coalition**
- **Congreso**
- **Philadelphia Workforce Development Corporation**
- **Berean Institute**
- **Pathways PA**
- **The Mayor's Office of Community Services – Workwise**

- **Pennsylvania Institute of Technology**
- **Top/Win**
- **Metropolitan Career Center**
- **Job Fairs and Career Days**

As part of Exelon Corporation, PECO participates in the following job fairs and career conferences:

- Al Dia Hispanic Job Fair
- Drexel University
- Florida International University
- Howard University
- North Carolina A&T University
- Tuskegee University
- Penn State University
- Rutgers University
- University of Delaware
- University of Miami
- University of Pennsylvania
- Philadelphia Community College Career Fair
- Mayor's Office Career Fair
- Congreso Career Fairs
- Montgomery County Work Force Investment Board Career Day
- Urban League Career Fair

B. ADVERTISING

PECO places advertisements in local publications that circulate in the minority communities, including the Philadelphia Inquirer, Philadelphia Tribune and Al Dia.

C. INFORMAL RECRUITMENT INITIATIVE

The purpose of the Informal Recruitment Initiative is to increase the number of women and minority applicants. Organizations included in the informal recruiting network include:

- African American fraternities and sororities
- African American Newspapers (the Philadelphia Tribune)
- Delaware Valley Human Resources Network
- Hispanic Newspapers (Al Dia and La Sol)
- Institute of Electrical and Electronic Engineers
- National Association of Black Accountants
- National Association of Black MBAs
- National Association of Hispanic Engineers – regional and national chapters
- National Society of Women Engineering

- Urban League of Philadelphia

D. SUPERVISORY TRAINING

Supervisory personnel including first-line supervisors receive Affirmative Action/EEO/Diversity training as part of Exelon's Supervisory Development Program for new supervisors (SDP) and in other periodically offered seminars. The purpose of these presentations is to help managers and supervisors understand Affirmative Action, equal employment opportunity and diversity issues. This also includes training on harassment, disability accommodation, FMLA and the methods an employee may use to bring forth a complaint. Additionally, leadership development training includes general awareness training in appropriate workplace behavior, cross-cultural communications, dynamics of diverse work groups and communication on diverse teams.

PECO also offered a variety of courses through the Employee Development program that provided all employees the opportunity to learn new and marketable skills that enhance personal and professional growth.

E. EMPLOYEE NETWORK GROUPS

Exelon's Employee Network Groups (ENGs) support diversity, bring insight into Exelon's strategies and goals, and serve as a resource to the corporation and its employees. The groups are self-initiated, voluntary, corporate-wide and inclusive. ENGs represent various communities, including Asian Americans, African Americans, Latinos, the gay, lesbian, bisexual and transgender communities, and women. ENGs are an integral part of Exelon's diversity strategy. Their purpose is to strengthen employee links, raise diversity awareness, share knowledge, provide perspectives, improve recruitment, promote personal growth, and serve as a forum for education, communication, and professional development. Externally, they work to strengthen corporate citizenship, alert Exelon to new market opportunities, and build ties to the communities in which the Company operates. Current Exelon ENGs are the following:

Asian American Community for Exelon Success (AACES)

AACES is committed to making a difference for our customers, our company, our shareholders and our employees. It is a resource for enabling Asian-American employees to achieve their maximum potential, serving as a bridge to the Asian-American community and helping Exelon gain a competitive advantage in utility services.

Exelon African American Members Association (EAAMA)

EAAMA is a support based organization designed to enhance the personal and professional growth of its members through professional development programs, knowledge for advancement opportunities, networking, as well as helping members understand their contribution to Exelon's strategic goals. EAAMA works with the company on its Diversity initiatives through recruitment, advisement, promotion and community representation.

Exelon Pride

Exelon Pride is an organization of gay, lesbian, bisexual and transgender employees. This organization provides a confidential support network for Exelon's GLBT employees, serve as a resource for management and employees concerning issues affecting the GLBT community while working to educate and dismantle myths and stereotypes.

Network of Exelon Women (NEW)

This corporate-sponsored organization has been developed to encourage the professional and personal development of Exelon's female employees. In 2006, this group has reached out to females in feeder pools for mentoring and career development.

Organization of Latinos at Exelon (OLE)

OLE exists to assist Exelon achieve its strategic goals and gain a competitive advantage in the energy industry by utilizing the talent and resources of its Latino employees.

F. PROMOTION

The Company is in compliance with Executive Order 11246 and the accompanying government regulations administered and enforced by the Office of Federal Contract Compliance Programs (OFCCP). PECO is also an Equal Employment Opportunity Employer and treats employees equally without regard to race, color, religion, gender, age, nationality, disability, sexual orientation, gender identity or veteran status. In accordance with its obligations, the Company seeks to improve the effectiveness of the ways in which its departments hire, promote and transfer women and minorities in areas where they are under-represented. These departments are required to make good faith efforts to fill vacancies according to the availability rate in the job market and internal demographics.

G. RETENTION

PECO identifies diverse individuals within the organization who demonstrate advancement potential. PECO also strives to promote an environment that enhances the quality of life in order to retain employees via a host of programs:

- The Business Talent Review is a succession-planning tool
- High Potential Program
- Supervisory Assessments and Assessment Centers
- Mentoring Programs
- Diversity Council
- Alternative Work Schedules
- Flexible Hours
- Part-time opportunities
- Job Sharing
- Child and Elder Care Referrals
- Concierge and work/life services offered through EAP
- Compliance with the FMLA and generous additional personal leave policy

Internal Dispute Resolution Process

In order to assist in the retention of its minority and female employees, PECO offers multiple avenues by which employees can raise concerns about legally protected rights and general workplace problems. For general workplace problems, these options include an Open Door Policy, a formal grievance process that focuses on collaborative resolutions facilitated by peer coaches, and peer review. For disputes involving legally protected rights, the Company offers both internal and external EEO options.

Internal EEO Complaint Process

This process enables employees who feel they are experiencing discrimination, harassment and/or retaliation to lodge a formal complaint with their manager, HR Generalist, Ethics Office, or the employee dispute resolution office, whichever they prefer. At each level, we investigate the complaint and attempt to resolve it. Where discrimination or harassment is found, prompt and effective remedial action is taken, and recommendations are made to management to ensure that this will not be a concern in the future.

Facilitation Process

When employees raise concerns with the employee dispute resolution office that do not fall within the realm of discrimination or harassment, we seek to resolve the conflict through the facilitation between the employee and their supervisor or co-worker. Very often, the issues raised here are related to perceptions of being harsh or disrespectful which may be cultural “disconnects.” Our aim is to help the other party (sometimes both) to “hear” the concern and honor it.

Coaching

When an employee's behavior reflects attitudes that undermine his or her effectiveness, we at times may offer coaching by an independent consultant to help the employee recognize and change those behaviors.

Appeal to Vice-President, Human Resources

An employee who feels that his or her concerns about the process have not been adequately addressed can appeal to the Vice-President of Human Resources.

External EEO Dispute Resolution Process

If an employee's concern involving legally recognized rights cannot be solved internally, the Company encourages and pays for external mediation and, if mediation fails, voluntary arbitration. To promote early resolution of disputes, the Company offers a Legal Consultation Program, through which it pays a portion of an employee's attorneys' fees for mediation and arbitration.

II. WORKFORCE COMPOSITION

Our Workforce

PECO has a long-standing commitment to equal employment opportunity and diversity in its workforce. This expectation is developed and fostered by the highest officer in our organization, Denis P. O'Brien, the President of PECO, and flows down throughout the organization. PECO does not discriminate in any personnel practice, including hire, termination, promotion, lay-off, compensation, benefits, training or other employment decisions on the basis of race, color, religion, gender, age, nationality, disability, sexual orientation, gender identity or veteran status. PECO's Affirmative Action commitment includes the annual development of goals by job group, based on a comparison of availability estimates in comparison to our current workforce demographics. These goals are updated periodically, and are communicated to senior management. The Company is in compliance with Executive Order 11246 and the accompanying government regulations administered and enforced by the Office of Federal Contract Compliance programs (OFCCP) for all employment activities. We anticipate that, over time, PECO's enhanced external recruitment of women and minorities efforts and internal retention efforts will continue to increase the representation in our population.

Census Areas

PECO utilizes the 2000 United States Summary data for utilization analysis purposes for all jobs in EEO Category 1, Officials and Managers. PECO recruits nationally for the positions in this category. 2000 Primary Metropolitan Statistical Area (PMSA) census data are used for all other EEO categories as PECO recruits locally for all positions.

Included in PMSA are the following counties: Bucks, Montgomery, Chester, Delaware, Philadelphia, Burlington, Camden and Gloucester. Although our Main Office Building is located in the City of Philadelphia, a considerable number of our applicants, employees and sites are located outside the city in the surrounding suburbs. Site locations and applicant analysis contributed in defining the census area.

Description of Job Categories

- *Officials and managers* - Occupations requiring administrative and managerial personnel who set broad policies, exercise overall responsibility for execution of these policies, and direct individual departments or special phases of a firm's operations. Includes: officials, executives, middle management, plant managers, department managers, and superintendents, salaried supervisors who are members of management, purchasing agents and buyers
- *Professionals* - Occupations requiring either college graduation or experience of such kind and amount as to provide a comparable background.
- *Technicians* - Occupations requiring a combination of basic scientific knowledge and manual skill which can be obtained through 2 years of post high school education, such as is offered in many technical institutes and junior colleges, or through equivalent on-the-job training.
- *Sales* - Occupations engaging wholly or primarily in direct selling.
- *Office and clerical* - Includes all clerical-type work regardless of level of difficulty, where the activities are predominantly non-manual though some manual work not directly involved with altering or transporting.
- *Craft Workers (skilled)* - Manual workers of relatively high skill level having a thorough and comprehensive knowledge of the processes involved in their work. Exercise considerable independent judgment and usually receive an extensive period of training.
- *Operatives (semiskilled)* - Workers who operate machine or processing equipment or perform other factory-type duties of intermediate skill level which can be mastered in a few weeks and require only limited training.
- *Laborers (unskilled)* - Workers in manual occupations which generally require no special training who perform elementary duties that may be learned in a few days and require the application of little or no independent judgment.
- *Service workers* - Workers in both protective and non-protective service occupations.

Workforce Composition Summary

The overall number of PECO employees declined during the period from 2002 – 2006. On a positive note, overall Black and Hispanic representation increased.

Between 2005 and 2006, the number of females held steady while minorities increased by 15. The overall PECO workforce increased by seven, reversing a workforce decline for the past several years.

PECO experienced a significant increase in hiring activity in 2007, a 90% increase over 2006. PECO increased the overall number of females in its workforce by 1.45 % and the overall number of minorities by 1.69%.

2007 PECO Energy Workforce Composition

Job Categories	Total	Males					Females				
		White	Black	Hispanic	Asian/P.I.	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Manager	272	174	21	1	1	0	55	19	0	1	0
Professionals	475	279	37	7	13	0	73	50	4	11	1
Technicians	148	113	10	2	1	0	19	3	0	0	0
Sales Workers	31	12	1	1	1	0	12	2	2	0	0
Office & Clerical	342	36	28	6	0	0	101	157	11	3	0
Craft Workers	865	731	92	33	3	2	4	0	0	0	0
Operatives	110	88	13	4	3	0	2	0	0	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	2,243	1,433	202	54	22	2	266	231	17	15	1

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2006 PECO Energy Workforce Composition

Job Categories	Total	Males					Females				
		White	Black	Hispanic	Asian/P.I.	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Manager	197	135	19	2	1	0	28	11	0	0	1
Professionals	407	244	32	6	6	0	75	38	3	3	0
Technicians	144	110	13	0	0	0	19	2	0	0	0
Sales Workers	30	13	1	1	1	0	10	3	1	0	0
Office & Clerical	347	43	26	5	0	0	107	152	13	1	0
Craft Workers	871	754	83	29	1	2	2	0	0	0	0
Operatives	117	94	13	6	3	0	1	0	0	0	0
Laborers	2	2	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	2115	1395	187	49	12	2	242	206	17	4	1

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2005 PECO Energy Workforce Composition

Job Categories	Total	Males					Females				
		White	Black	Hispanic	Asian/P.I.	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Manager	179	122	19	0	1	0	24	10	0	2	1
Professionals	426	259	29	7	6	0	80	40	2	3	0
Technicians	149	112	12	0	4	0	19	2	0	0	0
Sales Workers	31	13	2	1	1	0	10	3	1	0	0
Office & Clerical	359	60	25	4	0	0	118	139	12	1	0
Craft Workers	862	740	90	29	0	2	1	0	0	0	0
Operatives	95	78	9	3	3	0	2	0	0	0	0
Laborers	7	7	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	2108	1391	186	44	15	2	254	194	15	6	1

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2004 PECO Energy Workforce Composition

Job Categories	Total	Males					Females				
		White	Black	Hispanic	Asian/P.I.	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Manager	214	145	17	0	1	0	36	13	0	1	1
Professionals	415	254	23	7	7	0	77	43	1	3	0
Technicians	148	114	12	0	0	0	20	2	0	0	0
Sales Workers	31	13	2	1	1	0	10	2	1	1	0
Office & Clerical	361	69	26	3	0	0	116	136	10	1	0
Craft Workers	895	774	89	29	0	2	1	0	0	0	0
Operatives	62	52	5	2	1	0	2	0	0	0	0
Laborers	8	7	1	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	2134	1428	175	42	10	2	262	196	12	6	1

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2003 PECO Energy Workforce Composition

Job Categories	Total	Males					Females				
		White	Black	Hispanic	Asian/P.I.	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Manager	202	142	13	0	1	0	32	12	0	1	1
Professionals	441	268	27	8	11	1	85	34	1	5	1
Technicians	151	120	10	0	0	0	18	3	0	0	0
Sales Workers	30	16	2	0	1	0	7	3	1	0	0
Office & Clerical	397	74	26	4	0	0	138	145	9	1	0
Craft Workers	932	804	95	30	0	2	1	0	0	0	0
Operatives	127	115	7	2	1	0	2	0	0	0	0
Laborers	8	7	1	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	2288	1546	181	44	14	3	283	197	11	7	2

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2002 PECO Energy Workforce Composition

Job Categories	Total	Males					Females				
		White	Black	Hispanic	Asian/P.I.	Native American	White	Black	Hispanic	Asian/P.I.	Native American
Officials and Manager	275	190	17	0	2	0	50	15	0	0	1
Professionals	638	392	38	8	15	1	125	47	3	8	1
Technicians	162	129	13	0	0	0	16	4	0	0	0
Sales Workers	14	7	0	0	1	0	5	0	1	0	0
Office & Clerical	470	87	28	4	0	0	179	161	10	1	0
Craft Workers	948	815	99	30	0	3	1	0	0	0	0
Operatives	155	139	10	2	1	1	2	0	0	0	0
Laborers	9	8	1	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total Workforce	2671	1767	206	44	19	5	378	227	14	9	2

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

PROCUREMENT SECTION

SECTION 2

**2008
PECO ENERGY COMPANY**

UTILITY PROCUREMENT DIVERSITY REPORT

Exelon Corporation was created in 2000 as a result of the merger of PECO Energy (PECO) of Philadelphia and Commonwealth Edison (ComEd) of Chicago. As a result of that merger, the supply programs were consolidated and Exelon's Diverse Business Enablement ("DBE") Program was developed as a corporate-wide initiative that covers PECO and all Exelon Business Units. DBE is an enhancement of traditional Supplier Diversity programs, focusing not only on spend with minority/women-owned businesses (MWBs), but also on increasing business opportunities for minority professionals in majority owned firms.

Exelon's DBE Program is a multi-tiered initiative complete with policies and procedures. The policies and procedures include, but are not limited to, expenditure goals, third party certification requirements, dedicated resources and extensive community outreach. Due to the consolidation of the supply organization under the Exelon corporate umbrella, the data included in this report is not PECO specific but reflects our corporate-wide DBE Program efforts.

A. INTERNAL EFFORTS

Exelon's DBE Program stresses the importance of utilizing diverse Suppliers. As part of our continuous improvement process, we have identified and implemented a series of initiatives designed to strengthen relationships with diverse suppliers, and fulfill our annual diversity expenditure goal. The DBE Program's main focus is to provide the maximum opportunities to diverse suppliers. The following describes those activities:

- **Enhanced Monthly Data Tracking.** Exelon's DBE Program monitors and tracks its expenditures with diverse suppliers through key performance indicator (KPI) reports. KPIs are reviewed monthly by Supply management, who provide monthly and year-to-date diversity expenditure totals.
- **DBE Council.** In 2004, Exelon established a DBE Council comprised of executive leadership, procurement personnel, and the DBE Program personnel. The team's primary goal is to identify key opportunities and develop action plans to drive the program to world-class performance. The DBE Council is also responsible for developing processes and procedures that will increase diverse supplier spend, review and benchmark best practices, establish strong relationships with diversity organizations and networking groups, as well as recognize the efforts of prime suppliers.
- **DBE "High Margin" Program.** In collaboration with other internal departments (Legal and Corporate Treasury), Exelon Supply continues its focus on increasing spend in the "High Margin" categories. "High Margin" categories are nine professional services categories which include:
 - Advertising & Marketing
 - Banking

- Business Consulting
 - Engineering/Technical Services
 - Financial Services
 - Human Resources
 - IT Consulting
 - Legal Services
 - Pension Benefits
- **Enhanced 2nd Tier Diversity Spend Reporting Program.** To ensure that Exelon is providing the maximum opportunities to diverse suppliers, Exelon has established a 2nd Tier (subcontracting) diversity spend reporting program. Non-diverse prime suppliers are required, generally, to incorporate diverse suppliers in their subcontracting of Exelon-related work and are required to report on a monthly and/or quarterly basis, their subcontracting expenditures with those suppliers. Establishing minimum diversity spend requirements and/or requiring Prime Suppliers to report their diversity subcontracting expenditures on behalf of Exelon, encourages Prime Suppliers to adopt a Supplier Diversity Program of their own and increases expenditures with Diversity Suppliers. In 2005, Exelon launched a redesigned and substantially enhanced 2nd Tier Web-Enabled Tool to facilitate reporting subcontracting diversity spend and promote development of supplier diversity programs by non-diversity prime suppliers. The web tool can be found at the following web link:
http://www.exeloncorp.com/aboutus/suppliers/supplier_selfsrv/data_collect/. To date, more than 120 Exelon non-diverse suppliers are utilizing the site to report their second-tier diversity spend.

B. EXTERNAL EFFORTS

Exelon is committed to providing Diversity Suppliers with the maximum opportunities to participate in the performance of contracts awarded by Exelon including the following external outreach efforts:

- **Maintain DBE Website.** A supply website was launched in 2004, as part of the corporate website at www.Exeloncorp.com to provide suppliers with information about the materials and services purchased by Exelon. The site also allows for the on-line registration of suppliers (diverse suppliers and non-diverse suppliers). Additionally, suppliers can obtain contact information for Exelon procurement personnel, learn about upcoming bid opportunities and upcoming DBE events and activities.
- **Active involvement with DBE Organizations.** Exelon supply personnel are active members of supplier diversity-focused organizations locally and nationally. These organizations include, but are not limited to, the Minority Supplier Development Council of PA, NJ and DE, the Women's Business Development Center of PA, NJ and DE, the National Association of Women Business Owners PA, NJ, and DE (NAWBO), the Greater Philadelphia Minority Business Strategic Alliance, the Edison Electric Institute

(EEI), the Women's Business Enterprise National Council (WBENC) and the National Minority Supplier Development Council (NMSDC).

- **Continue External Outreach.** In 2007, Exelon's DBE Manager and other procurement representatives met with Supplier Diversity agencies, organizations, and companies or individuals, including participation in trade shows, opportunity fairs, groups and one-on-one meetings. This active engagement positively impacts Exelon's approved Diversity Supplier list, which will increase business participation and buyer/Diversity Supplier relationships through the awarding of purchase orders and long-term contract commitments. In addition to significant local involvement, Exelon continued its active role in the Supplier Diversity Program Development Subcommittee of the Edison Electric Institute, which resulted in the introduction of Pennsylvania based firms to national corporations. Additionally, we engaged in the following activities:
 - Exhibitor at the National Minority Supplier Development Council (NMSDC) annual meeting, which had over 8,000 attendees;
 - In conjunction with other internal departments (Corporate Diversity, Sponsorship and External Affairs), an external event/sponsorship calendar was developed to maximize Exelon's influence in the communities we serve; and
 - Hosted/sponsored/attended over 50 supplier development and networking meetings/events/tradeshows with attendance ranging from 100-8000 attendees.

- **External Recognition.** In 2007, Exelon received numerous rewards and recognition for its commitment and dedication to supplier diversity. Listed below are a few of those awards/recognition:
 - Named "Corporation of the Year" by the Chicago Minority Business Development Council (CMBDC).
 - Named "Corporation of the Year" by the Minority Supplier Development Council of PA-NJ-DE (MSDC).
 - Named "Corporation of the Year" by the Illinois State African American Chamber of Commerce
 - Named to the Dow Jones Sustainability Index. (In the "Social Dimension" category Exelon scored the highest of any company in substantial part because of our award-winning DBE program)..

The following list of community outreach activities is by no means exhaustive, but it offers a representative look at the types of meetings and other events sponsored, chaired, or attended by Exelon representatives during 2007 to further our goal of promoting diverse suppliers in the Pennsylvania area:

Date	Activity
January 7-10	Attended the Rainbow Push Coalition's 10th Annual Wall Street Project Conference
January 18-19	Attended the Edison Electric Institute's (EEI) Supplier Diversity Workshop
March 9	Attended/Sponsored the WBDC of PA-NJ-DE's Executive Leadership Luncheon-Exelon was a Platinum Sponsor for these luncheons.
March 14	Attended/Sponsored the National Minority Supplier Diversity Council's (NMSDC's) Centers of Excellence diverse supplier meeting.
March 14	Attended/Sponsored the Greater Philadelphia Minority Strategic Business Alliance (GPMSBA) Corporate Breakfast meeting.
March 27	Attended Rainbow PUSH Coalition's Annual LaSalle Street Symposium
April 2 – April 4	Attended/Sponsored the Chicago Minority Business Development Center (CMBDC)'s Business Opportunity Fair.
May 11	Attended/Sponsored/Hosted the National Association of Women Business Owners (NAWBO's) Conference and Luncheon.
May 29-6/1	Attended the Edison Electric Institute's (EEI's) Supplier Diversity Conference
June 25-28	Attended Women's Business Development Center (WBENC)'s National Conference

Date	Activity
August 23	Attended/Sponsored the WBDC of PA, NJ and DE's Executive Leadership Luncheon
September 26-27	Attended/Sponsored the WBDC of Chicago's 21 st Annual Entrepreneurial Woman's Conference
October 4	Attended/Sponsored the WBDC of PA, NJ and DE's Breakthrough Breakfast and Opportunity Fair

C. SUPPLIER DIVERSITY PERFORMANCE

Dedicated Resources. Exelon has both a DBE Manager and Coordinator. They are dedicated full-time to our DBE Program and are responsible for designing, executing, coordinating, implementing, monitoring and evaluating Exelon's DBE Program.

Minimum Performance Requirements. Exelon's 2007 diversity spend goal was **\$410.0M**. We exceeded the goal and had our greatest diversity spend to date, achieving **\$475.3M**. Exelon's Supply Organization establishes annual goals and objectives for the DBE Program in terms of minimum performance requirements. In establishing these goals, leadership considers the previous year's performance. These goals direct the attention and actions of purchasing personnel and motivate managers to develop initiatives to meet and exceed these goals. Our performance is reviewed monthly by Supply Management and is presented in the department standards key performance indicators (KPI).

EXELON'S PROCUREMENT DIVERSITY REPORT

DECEMBER 31, 2007	EXELON'S YEAR-END
TOTAL PROCUREMENT SPEND	\$4.0B
DIRECT/1ST TIER DIVERSITY SPEND DOLLARS	\$383.2M
SUB-CONTRACTED/ 2ND TIER DIVERSITY SPEND DOLLARS	\$92.1M
TOTAL DIVERSITY SPEND AMOUNT	\$475.3M

Note: Numbers have been rounded to the nearest whole dollar.

Monthly Key Performance Indicators (KPIs). Exelon's DBE Program monitors and tracks its Diversity Suppliers expenditures through KPIs, which are reviewed monthly by Supply Management to provide both monthly and year-to-date Diversity Supplier expenditure totals.

Require 3rd Party Certification. As part of its DBE Program, Exelon requires its diverse suppliers to obtain certification from a 3rd party organization. Exelon accepts certifications from the following local agencies:

- National Minority Supplier Development Council (including the Minority Supplier Development Council of PA, NJ and DE)
- The Women's Business Enterprise National Council (including the Women's Business Development Center of PA, NJ and DE)
- Bureau of Contract Administration & Business Development (State of PA)
- U.S. Small Business Administration (Philadelphia office),
- City of Philadelphia/Minority Business Enterprise Council

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

COMMUNITY OUTREACH SECTION

SECTION 3

**2008
PECO ENERGY COMPANY**

I. NARRATIVE ON COMMUNITY OUTREACH

Our Company

PECO has a strong tradition of community involvement. Our strategy is designed to improve the quality of life for the people who live and work in our Philadelphia 5-county service territory. Corporate citizenship activities include contributions, sponsorships, employee volunteer projects, executive involvement on nonprofit boards and in-kind donations.

PECO seeks to invest the company's human, financial and in-kind resources in community involvement initiatives that enhance our image, engage employees and stakeholders, support strategic business objectives, and enrich the quality of life in our multicultural and economically diverse service territory.

We have designed our corporate citizenship strategy to focus on four core areas: **education**, the **environment**, **arts and culture**, and **community**, while reinforcing our core values of diversity and safety.

A. ENERGY FOR EDUCATION

The Energy for Education program supports lifelong learning and seeks to accomplish the following results: encourage students to stay in school and develop their full potential; partner with area schools to promote math and science; improve workforce skills; and encourage personal development through scholarships, mentoring and internships. Below are a few highlights of our many educational initiatives.

- **School District of Philadelphia** – In recent years, PECO has partnered with the School District of Philadelphia to support teacher and principal recruitment (“Roll Out the Red Carpet”) and the development of math and reasoning skills (“24 Math Challenge”).

In 2006/07, PECO awarded five grants of \$50,000 to high-performing Philadelphia charter schools (Green Woods, Harambee Institute of Science Technology, KIPP Philadelphia, Laboratory and Mastery charter schools) for their above-peer performance on TerraNova and PSSA exams and their innovative approaches to teaching math and science. The grants will allow the schools to strengthen their math and science programs with additional equipment, improved facilities and additional learning opportunities.

In 2006, PECO received the School District's first Pillar of Education Award for its corporate leadership and commitment to education.

- **Drexel Exelon Scholars** - In 2006, a new partnership with Drexel University was introduced: the Drexel Exelon Scholars. PECO and Exelon have established an endowed scholarship fund to encourage Drexel women and minority undergraduates to pursue careers in engineering. In 2007, eleven scholarships were awarded at a reception hosted by Drexel president Constantine Papadakis and PECO president Denis O'Brien.

- **PECO/Drexel Engineering and Technology High School** – PECO has agreed to invest \$1 million to establish the PECO/Drexel Engineering and Technology High School on the current site of University City High School. The school—scheduled to open in 2010—will help students prepare for careers in engineering and applied technology, with a goal of having all graduates pursue post-secondary education. Beginning with an initial enrollment of 125 (freshmen), enrollment will reach 500 students in four years.
- **PECO and United Way “Light the Way”**- PECO has earmarked part of its contribution to the United Way of Southeastern Pennsylvania to support the agency’s Stay in School program. The PECO-funded programs take place year-round at five locations in the Philadelphia region, including the Salvation Army of Norristown and two after-school sites in Chester and North Philadelphia. Named “Lighting The Way” to recognize PECO’s sponsorship, the program targets middle-school children of low income and diverse ethnic backgrounds, who have the highest high school dropout rate. “Lighting the Way” programs focus on dropout prevention, improvement of academic performance and career exploration. The company donation also supports a technology development program that includes classes on Microsoft Word, PowerPoint, Excel and Web site development.
- **Philadelphia Academies** is a long-standing partnership with the Philadelphia public school system designed to enhance academic and occupational skills for public school students. Established in 1969 with PECO’s sponsorship of the first Academy of Applied and Electrical Science, the program now includes over 30 academies in 14 career areas at 20 of the city’s high schools and two middle schools. Each school year, more than 8,000 students participate in an Academy program. Over the years, an average of 90% of graduates have been productively engaged in work or higher education, with well over half pursuing post-secondary education. With career focus that demonstrates the value of education to young people, the Academies’ student attrition is much lower than the Philadelphia school-wide dropout rate. Since the outset, PECO employees have been actively involved at all levels: as board members, volunteers, mentors and professional development consultants. Recently, PECO has been working with the Academies to create job opportunities for program graduates (“PECO Pipeline”).
- **Asian American Women’s Coalition Scholarship** - For the past four years, PECO has supported the AAWC scholarship program. Bright and talented young Asian American women receive four-year college scholarships and a new laptop to assist them in their educational endeavors. In 2007, PECO hired one of its first scholarship winners to join the company as an engineer.
- **Lincoln University** - In 2007, PECO awarded Lincoln University a two-year partnership grant of \$25,000 per year, to create the PECO Endowed Arts Scholarship Fund to support minority students who are participating in the Lincoln University Interdisciplinary Cultural Arts program. Lincoln has entered into a cooperative partnership with The Barnes Foundation that will create a curriculum to study the works of the Barnes collection, art administration, horticulture and art conservation.

- **FIRST Robotics** - FIRST designs accessible, innovative programs to build self-confidence, knowledge and life skills while motivating young people to pursue opportunities in science, technology and engineering. PECO is a long-time sponsor of Robotics - the world's largest high school robotics competition. Each team uses an identical supply of parts and software to design and build a remote-controlled robot capable of performing a predetermined set of tasks in a competition. The competition provides young people the opportunity to partner with educators and industry professionals. As the students think creatively and work as a team, they also learn about science, mathematics, engineering and technology.
- **Key Minority & Diversity Support Programs** include a number of prominent minority and diversity organizations in the Philadelphia region. PECO contributes to the United Negro College Fund (UNCF) to provide scholarships and program support, and the Urban League of Philadelphia to sponsor their annual fundraiser and outreach programs. We are a major supporter of Greater Philadelphia Urban Affairs Coalition (GPUAC), an umbrella organization which provides social services and technical training to other social service nonprofits. We also support the Dawn Staley Foundation's efforts to provide mentoring and scholarship support to disadvantaged young people in North Philadelphia.

We are a supporter and active participant in Latino organizations like ASPIRA, Taller Puertorriqueño, Concilio and The Lighthouse. And we make grants to Arthur Ashe Youth Tennis Center for scholarships and to Philadelphia Young Marines in West Philadelphia, which provides regimented activities and tutoring for "at risk" youth.

- **One Book, One Philadelphia** is a reading initiative in which PECO partners with the City of Philadelphia and the Free Library of Philadelphia. The mission of the program is to promote reading, literacy, library usage, and community-building throughout the Greater Philadelphia region. For 2007, the *One Book* Selection Committee chose Carlos Eire's National Book Award-winning memoir, *Waiting for Snow in Havana: Confessions of a Cuban Boy* (Published by Free Press), as its featured selection. To engage the widest possible program audience and to encourage multi-generational reading, two thematically related companion books for children, teens, and families were included. They were *Esperanza Rising*, by Pam Muñoz Ryan, and *Coming to America: The Story of Immigration*, by Betsy Maestro. Both books provided children and adults with the opportunity to further understand the topic of immigration and engage in discussion about its history.
- **Painted Bride Arts Center** – PECO sponsors a monthly program called "Rock The Pen" in which area high school students get the opportunity to share the Bride's stage with professional poets in an interactive poetry workshop. It also teaches students to appreciate poetry as a legitimate form of expression that can be used to address and channel difficult issues and complex emotions in their daily lives.

B. ENERGY FOR THE ENVIRONMENT

PECO's environmental grants support organizations and initiatives whose mission is to improve the quality of our environment by promoting environmental education, conservation and preservation; developing cleaner sources of energy; protecting endangered species; and beautifying neighborhoods. We have highlighted a few examples of our environmental initiatives below.

- **Green Region: PECO Energy Open Space Grant Program** – Recognizing that the preservation of open space in our communities is a crucial piece of the quality of our lives, PECO has committed to assisting municipalities in southeastern Pennsylvania with their ongoing efforts to protect, acquire and improve open lands. In 2007, 15 grants totaling \$125,000 were made in Bucks, Chester, Delaware and Montgomery counties for open space projects.
- **TreeVitalize** is a PECO partnership with the Pennsylvania Department of Conservation and Natural Resources (DCNR) and other environmental groups to help reverse the negative effects of tree loss in the Greater Philadelphia region.. The program hopes to replace 5 million trees lost to development in the Philadelphia five-county region. This major tree-planting initiative will help reverse negative trends, such as lower air quality, increased storm water runoff and higher energy costs.
- **Schuylkill Center for Environmental Education** - As a long-time sponsor of the Schuylkill Center for Environmental Education, PECO took the lead in supporting its new Discovery Center, with interactive exhibits that interpret the different habitats on the Center's property. The Center annually offers educational programs in wildlife rehabilitation, land restoration and environmental art to hundreds of schools and groups. The center's staff serves as adjunct faculty to Arcadia University, Temple University and Swarthmore College and offer teacher training workshops to help teachers meet state standards in environment and ecology curricula. In 2006, PECO received the Henry Meigs Environmental Leadership Award for its commitment to environmentally sustainable technology and practices.
- **Children's Earth Day Forest** - PECO, for the eighth consecutive year, has been the sponsor of the Lower Merion Conservancy's Earth Day Forest, the Delaware Valley's longest-running Earth Day event. The Forest involves almost 2,000 local students from 30-35 preschool through high school classrooms in creating an artistic display of a kid-crafted forest that is visited by thousands of people during the Friday-Sunday weekend. The event is a unique combination of science, art, and environmental education and an upbeat, colorful celebration of Pennsylvania's forests and forest creatures.

C. ENERGY FOR ARTS & CULTURE

The arts are integral to developing world-class cities that attract businesses and a talented workforce, and promote tourism. PECO supports cultural institutions with broad public exposure and programs designed to make arts and culture more accessible to a wider audience. Below are some examples of our range of activities in arts and culture.

- **The African American Museum in Philadelphia (AAMP)** is the first institution funded and built by a major municipality to preserve, interpret and exhibit the heritage of African Americans. Throughout its evolution, the museum has objectively interpreted and presented the achievements and aspirations of African Americans from pre-colonial times to the current day. In 2006, PECO celebrated the 30th Anniversary of the Museum by donating \$25,000 to help support the museum's inaugural Heritage Gala. In 2007, PECO pledged a leadership gift of \$500,000 to launch a \$2 million campaign for a new permanent exhibition and capital improvements.
- **PECO Multicultural Series at Penn's Landing** - PECO has been proud to celebrate the diverse ethnic heritage that makes Philadelphia unique by sponsoring the Multicultural Festival for twelve consecutive years. From June through September, the PECO Multicultural Series provides a culturally rich outing for friends and family with food, music, and entertainment. The series celebrates cultures such as Indian, Italian, Islamic, Irish, Hispanic, German, Mexican, African American, Caribbean, and more.
- **PECO Power Hour with The Philadelphia Orchestra** - The PECO Power Hour ticket underwriting program allows the Orchestra to make available up to 100 tickets at \$10 each before every Philadelphia Orchestra subscription concert. This allows a new audience to attend, due to the dramatic price discount. A new component in 2007 was the PECO Power Pass for those who participate in the community ticket program. Participants who got their pass stamped three times before March 2007 were eligible for exciting prizes, including a season-long subscription to the Orchestra and free tickets to an upcoming concert.
- **Arden Theatre Company** is dedicated to bringing to life the greatest stories by the greatest storytellers of all time. The Arden presents programs for the diverse greater Philadelphia community that arouse, provoke, challenge, illuminate and inspire. In 2007, PECO sponsored a modern, humorous version of *Sleeping Beauty* for family audiences.
- **PECO Pops at the Mann Center for the Performing Arts** - Situated in Philadelphia's beautiful Fairmount Park, the Mann offers a diverse array of world-class entertainment - from classical music, jazz, pop, rock, gospel, and contemporary concerts to dance performances and international stage productions. PECO Pops is a 6-concert series that features well-known performers and includes discounted tickets for employees.

- **PECO Family Saturdays at the Seaport** - PECO Family Saturdays at the Seaport offers interactive and educational activities at least once a month. These programs use imaginative arts and crafts projects to intertwine maritime history and current exhibit themes. They inspire children of all ages to create something they can take home whether a miniature lighthouse, a periscope or a sailor's valentine. Each activity is specifically designed for families. Topics for upcoming Family Saturday at the Seaport programs range from communication at sea to pirates to model boats.
- **Main Line Arts Center/Children's Art Festival** - The Main Line Art Center's annual Children's Art Festival in June attracts hundreds of families each year. The Festival allows children to experience the world of art first hand. Making a variety of projects, children learn from the work of famous artists. Projects include chance painting with tennis balls, printmaking, abstract foam sculptures and art you mail to yourself. There is even a special project just for parents. Artists from the Art Center demonstrate throughout the day. The event is free and open to the public, and PECO is a Founding Sponsor.
- **Curtis Institute of Music-PECO Family Concert Series** - A fun-filled and friendly introduction to the world of classical music, PECO Family Concerts take place in Field Concert Hall at The Curtis Institute of Music and are best enjoyed by children ages 5 to 12. Curtis students perform musical examples to illustrate their instruments and repertoire, and they talk with the audience about the basic elements of music and their experiences as musicians.
- **Taller Puertorriqueno** – PECO's grant supports *The Children & Youth Create Art Exhibit*. More than 25 student artist display their visual artwork at an exhibition at Taller's dedicated art gallery located in Philadelphia's Latino community. The exhibit then travels to the Philadelphia Museum of Art for a display during Hispanic Heritage Month.
- **Walnut Street Theater** - In a partnership with The Walnut Street Theatre's Outreach Touring Company, PECO launched two anti-bullying/anti-violence productions - *Mean Girlz R Bullies* and *The Boy Who Cried Bully*. The purpose of the Touring Outreach Program is to help schools supplement their curriculum with artistic programming that is relevant to the lives of their students. Twenty schools received free productions of the plays, compliments of PECO, to encourage and provide students with positive, alternative choices to bullying behaviors.
- **Young Friends Society** – The Young Friends Society is a grassroots group of young, African American adults whose mission is to raise awareness and funds for African American cultural organizations in the Philadelphia region. In 2007, PECO sponsored a concert benefit to raise funds for the Arts Sanctuary, the African American Museum and Freedom Theater.

D. ENERGY FOR THE COMMUNITY

This program is committed to maintaining and attracting a diverse workforce, and recognizing the value in a work environment that is rich in the diverse thoughts, ideas and backgrounds of its employees. The company is also dedicated to supporting organizations that strengthen the educational, economic, cultural and social fabric of our communities. We are proud to share a few examples of our efforts in the community.

- **PECO Weatherization Team** - PECO employees have found a way to take some of the oppressive heat out of summer and some of the bite out of winter for senior citizens in the Philadelphia 5-county region. In July, during an oppressive heat wave, 15 volunteers took five trucks loaded with 500 fans to senior citizen centers in Bucks, Chester, Delaware, Montgomery and Philadelphia counties. The fans provided relief to seniors who had no air conditioning. The distribution also included tips for getting relief from oppressive heat. PECO employees have also volunteered to help the elderly winterize residences.
- **Pennsylvania Statewide Latino Coalition Conference** is an organization serving as an advocate voice and an organizing tool for Latinos in the Commonwealth of Pennsylvania. For the past few years, PECO has been the premiere sponsor of the annual conference, taking on a lead role in the Leadership Luncheon featuring high profile leaders from the state and national levels. The highly successful conference brings together Latino leaders and students from around Pennsylvania and New Jersey to participate in educational workshops and networking opportunities.
- **Senior Law Center** protects the legal rights and interests of older Philadelphians in need, providing free legal services, community legal education, professional training, advice, information and referral services, and advocacy. The partnership provides volunteer opportunities for PECO attorneys to do pro bono work for older Americans.
- **United Way** has been a long-term partnership with our company, employees and retirees, who have helped to provide community services and assistance for those in need. PECO supports United Way through an annual employee campaign, a significant corporate gift to a variety of agencies in our service territory, and the commitment of volunteer resources to the United Way annual campaign and other special event initiatives. In 2007, for the first time, PECO and Exelon contributed over \$2M to the campaign.
- **Project HOME** - PECO partners with Project HOME, an acclaimed homeless and low-income advocacy organization, to support the PECO Resources and Financial Education Program - a comprehensive financial literacy program - located at the Comcast Honickman Learning Career Center, a state-of-the-art technology center in North Philadelphia. The program is designed to help citizens increase basic math skills and workforce development opportunities. With assistance from PECO Universal Services, the program provided banking, budgeting and bill payment assistance.

- **Philadelphia Black Public Relations Society** – In partnership with the Philadelphia Black Public Relations Society, PECO sponsored “African American Men In Public Relations” – an all African-American male panel designed to share career development and corporate emotional intelligence techniques to aspiring young African Americans seeking to enter the field of public relations, communications, corporate philanthropy and entrepreneurship.
- **Coalition of 100 Black Women, Philadelphia Chapter** - In 2007, PECO joined with the Coalition of 100 Black Women, Philadelphia Chapter to create the inaugural “Power of the Community Award” to be annually bestowed upon an African American women in the Philadelphia region, who demonstrates her commitment to the community through service.
- **Paradigm Award** - PECO supports the Greater Philadelphia Chamber of Commerce Paradigm Award. The award is presented annually to a woman in business whose outstanding professional and personal achievements serve as a model for success. Paradigm Award nominees are executives whose companies have a strong local economic impact. They are respected in their professions and throughout the community for commitment to excellence.
- **Shady Brook Farm** – In 2007, PECO announced a new partnership with Shady Brook Farm Light Show, a whimsical holiday display of nearly 2 million lights illuminating acres of farmland located in historical Bucks County. Running from mid-November to early January, this event traditionally benefits several worthy causes such as The Garden of Reflection, Bucks County's official 9/11 Memorial. As the Presenting Sponsor, PECO created a custom Light Show Display of the Main Office Building with the scrolling Crown Lights.
- **Hispanics in Philanthropy (HIP)** - Since 2005, PECO has supported Hispanics in Philanthropy's Philadelphia Funder's Collaborative for Strong Latino Communities. The Funders Collaborative is a coordinated effort of local, national and transnational funders to build capacity among small- and medium-sized Latino nonprofit organizations in the U.S. and Latin America. Designed to sustain and ensure the viability of the Latino nonprofit sector and to develop a new cadre of Latino leaders, the Funders Collaborative brings together private foundations, corporations, government agencies and individuals committed to supporting the Latino civil sector to leverage greater impact in 18 sites across the U.S. and Latin America.
- **Philadelphia Chinatown Development Corporation (PCDC)** - PECO has enjoyed a long history with PCDC and recently partnered with the organization to support the restoration of Chinatown's historic Friendship Gate. The Chinatown Friendship Gate was completed in 1983 and stands in Chinatown as a symbol of friendship between Philadelphia and its sister city Tianjin, China. The gate, which is in need of restoration, is the first authentic Chinese gate built in America by artisans from China.

II. ECONOMIC REVITALIZATION

- **Philadelphia Tribune Homebuyers Seminar** - PECO annually teams up with *The Philadelphia Tribune*, City of Philadelphia, West Philadelphia Community Development Corporation, the Philadelphia Housing Authority, and local mortgage companies/banks to host an annual homebuyers seminar for local residents. In 2007, over 300 citizens attended the all-day event hosted at PECO corporate headquarters. The goal is to educate citizens about financial literacy and home ownership.
- **The West Philadelphia Partnership CDC** – Since 1994, PECO has been actively engaged in a partnership with the West Philadelphia Partnership CDC, as part of the Philadelphia Plan. The Philadelphia Plan is a citywide public/private partnership involving 12 other corporations that have made similar commitments to neighborhoods throughout Philadelphia. The goal of the partnership is to stabilize, revitalize and improve the quality of life in the communities of west and southwest Philadelphia. Efforts have resulted in improved housing, recreation areas and schools, reduced crime and an increase in new business growth. In 2007, PECO opened the PECO Financial Center as a resource to help Partnership CDC clients improve their financial literacy skills.
- **Congreso de Latinos Unidos** – PECO is a major funder of Congreso, which serves Philadelphia's Latino community in the Eastern North Philadelphia region through social, economic, education and health services; leadership development and advocacy. PECO and Congreso have partnered on youth development and job training programs, including a recent effort to recruit minorities for PECO lineman, gas technician and customer service positions. PECO is also supporting the Congreso-led effort to start the bilingual Pan American Academy Charter School (K-6), which will help young Spanish-speaking children improve their English language skills.
- **Women's Opportunities Resource Center (WORC)**, founded in 1993, promotes social and economic self-sufficiency for economically disadvantaged women and their families and disabled workers through self-employment training, support services, savings programs and access to business and financial resources in the five county region - Philadelphia, Montgomery, Bucks, Delaware and Chester Counties. Each year, PECO hosts WORC's Loan and Grant Conference designed to provide financial empowerment information for low-income women.
- **PECO Power Readiness Labs** - To aid in the effort to increase job skill development and retention, PECO has funded and adopted computer labs around the region, in partnership with a number of nonprofit agencies, including: PathwaysPa, The Fatherhood Initiative, Workwise, Congreso and The Dawn Staley Foundation.

III. EMPLOYEE VOLUNTEERS AND NETWORK GROUPS

PECO employees work on several diversity-related committees, which focus on issues like communications, leadership, diversity recruitment and retention, diversity training and awareness, and company involvement in diverse community activities and programs. The company's employee network groups (ENGs) support diversity, bring insight to our strategies and goals, and serve as a resource to the corporation and its employees. The groups are self-initiated, voluntary, corporate-wide, and inclusive. Current ENGs represent various communities, including Asian Americans, African Americans, Hispanics, the gay, lesbian, bisexual and transgender communities, as well as a group for women. ENGs are an integral part of PECO's diversity strategy, as they strengthen employee links, raise diversity awareness, share knowledge, provide perspectives, improve recruitment, promote personal growth, and serve as a forum for education, communication, and professional development. Externally, they work to strengthen our corporate citizenship, alert PECO to new market opportunities, and build ties to the communities in which the organization operates.

The company's volunteer program is an expression of PECO's commitment to contribute time, skills and talent in the communities where employees live and work. Through "Energy For The Community", the employee volunteer network, our employees develop leadership and teamwork skills, and put a personal face on our corporate citizenship activities. The program engages employees from all parts of the company, and recognizes and celebrates the importance of their efforts in building relationships with customers and constituents. From supporting company-sponsored events and serving as mentors to coaching and helping at homeless shelters, our employees are out front in the community. We also provide financial and resource support for all network employee groups who celebrate month-long cultural activities (African American History Month, Asian American History Month, Hispanic Heritage Month, Veteran's Day, Women's History Month, to name just a few).

The ENGs plan and participate in month-long activities to include educational and cultural events, self-awareness and self-empowerment programs. Below are a few highlights of PECO's volunteer and network group activities...

- AIDS, Red Cross and Special Olympics walks
- Susan G. Komen Race for the Cure
- Bowl for Kids Sake benefiting Big Brothers Big Sisters of SEPA
- Earth Day Celebration
- Martin Luther King, Jr. Day of Service
- Veterans Day Ceremony
- MANNA fundraiser (serving homebound AIDS patients)
- Salvation Army Holiday Gift Tree
- United Way Day of Caring
- African American History Month, Women's History Month, Asian American History Month, Pride Month and Hispanic Heritage Month