



Miller Pipeline Corp.



performance
contract
partnerships

Performance Contract Partnerships

Our Performance Contract Partnership is a business relationship model that allows us to efficiently work with our clients in a strategic way. Through this mutually beneficial partnership, both Miller Pipeline and our partners are incentivized to achieve the most efficient and effective utilization of crews and related costs. By openly sharing information and responsibility, increased productivity and significant cost reductions are realized.

How the Performance Contract Partnership works:

The base of Miller Pipeline's Performance Contract Partnership is a simple cost-plus pricing structure. Together with you, our client-partner, we:

- determine the resources required to fulfill the contract
- determine the auditable cost per labor-hour
- apply a productivity metric to our target costs
- agree to margins, including floor and ceiling
- conduct periodic audits if applicable
- allow for incentives such as savings or overruns



The benefits of Performance Contracting for our business partners

Working closely with our customers makes it possible to achieve the most efficient and effective use of resources and time. Through our Performance Contract Partnership agreement, both Miller Pipeline and our partners are incentivized to achieve the most efficient and effective utilization of crews and related costs.

- **A single data source** allows management teams to focus on cost and improvements in productivity.
- **This performance incentive structure** minimizes the risk to all parties, allowing everyone involved to share in both the rewards of success and the cost of falling short.
- **Costs are easily identified and known at the beginning of the contract term.** Production information is tied to a quantity of work to be performed and a total targeted cost is set at the onset of the contract.
- **The administration time involved with a transparent program is decreased significantly.** Since both partners know from the beginning the cost per hour and the number of hours needed, the budgeted contract dollars are easily identified and tied to weekly invoices.
- **Interim results can be tracked and reconciled easily by both Miller Pipeline and our client-partner.** Through a secure client portal located on the our web site, client-partners can easily check the progress of work done and cost figures for any cumulative period of the contract. This transparency allows all involved to compare job performance to the original contract estimates.

Utilizing Management Systems to Drive Performance

A key component to the partnership's success is our ability to identify cost drivers for individual and cumulative project costs, annual blanket contracts and future budget data.

Typical Unit Price Contract

- Leads to risk transfer and associated pricing structure
- Does not allow for shared savings
- Does not promote management teamwork to improve results
- Overall cost savings benefit only the contractor
- Cost overruns affect future pricing initiatives
- Excludes outside influences to contractor's cost, positive or negative
- Promotes profit margins based on supply and demand economics

VS.

MILLER PIPELINE CORPORATION
CONTRACT *ALL
AUGUST 2007 - FEBRUARY 2008

IDENTIFIES ACTUAL PER UNIT OF W

ITEM #	DESCRIPTION	LABOR HOURS	ACTUAL INSTALLATIONS UNITS	TOTAL FT	AVG-- FT/UNIT	TOTAL COST	PROG ACTUAL
368100	1-75' SYSTEM IMPR. SS SERV. W/MAIN	432.25	48.00	2,018.00	42.04	25,502.75	9.0052
368101	76-125' SYSTEM IMPR. SS SERV. W/MAIN	118.50	8.00	753.00	94.12	6,991.50	14.8125
368102	126-200' SYSTEM IMPR. SS SERV. WI/MAIN	113.50	6.00	866.00	144.33	6,696.50	18.9166
368103	1-75' SYSTEM IMPR. LS SERV. W/MAIN	217.50	22.00	1,305.00	59.31	12,832.50	9.8863
368104	76-125' SYSTEM IMPR. LS SERV. W/MAIN	246.50	20.00	1,863.00	93.15	14,543.50	12.3250
368105	126-200' SYSTEM IMPR. LS SERV. W/MAIN	46.00	1.00	186.00	186.00	3,714.00	46.0000
368106	1-75' SYSTEM IMPR. SS SERV.-SCATTERED	535.00	48.00	1,757.00	36.60	31,565.00	11.1450
368107	76-125' SYSTEM IMPR. SS SERV.-SCATTERED	267.50	18.00	1,727.00	95.94	15,787.50	14.8610
368108	126-200' SYSTEM IMPR. SS SERV.-SCATTERED	62.00	3.00	398.00	132.66	3,658.00	20.6666
368110	1-75' SYSTEM IMPR. LS SERV.-SCATTERED	69.50	4.00	212.00	53.00	4,100.50	17.3750
368111	76-125' SYSTEM IMPR. LS SERV.-SCATTERED	292.50	18.00	1,752.00	97.33	17,257.50	16.2500
368112	126-200' SYSTEM IMPR. LS SERV.-SCATTERED	109.00	8.00	1,138.00	142.25	6,431.00	13.6250
TOTAL		106,706.25				6,568,267.85	
LOCATION TOTALS		106,706.25				6,568,267.85	
REPORT TOTALS		106,706.25				6,571,908.93	

Miller's data tracking mechanism allows our business partners to log into their secure administration section on our web site to view or download reports on their work. Each project is updated weekly.



Miller Pipeline's Performance Contract Method

- Allows management to focus on continuous process improvement to reduce overall costs
- Creates a measurement-oriented culture: "If you can't measure it, you can't manage it"
- Identifies actual costs per unit, which allows management to focus efforts
- Promotes teamwork across management groups
- Points management teams to focus on high impact areas
- Promotes communication and commitment by both partners
- Provides utility benchmarking data
- Creates a single source for management information
- Eliminates administration

COSTS WORK

ALLOWS TEAM APPROACH TO FOCUS ON PROCESS TO IMPROVE PRODUCTIVITY

PRODUCTION DATA		PER UNIT PRODUCTIVITY				ANNUAL PRODUCTIVITY			
TARGETED	UOM	VARIANCE	ACTUAL COST	TARGET COST	VARIANCE	ACTUAL COST	TARGET COST	VARIANCE	
8.9783	HR/EA	.0269-	531.31	529.71	1.60-	25,502.75	25,426.08	76.67-	
9.9000	HR/EA	4.9125-	873.94	584.10	290.84-	6,991.50	4,672.80	2,318.70-	
12.0000	HR/EA	6.9166-	1,116.08	708.00	408.08-	6,696.50	4,248.00	2,448.50-	
10.8126	HR/EA	.9263	583.30	637.94	54.64-	12,832.50	14,034.68	1,202.18-	
12.0000	HR/EA	.3250-	727.18	708.00	19.18-	14,543.50	14,160.00	383.50-	
14.0000	HR/EA	32.0000-	2,714.00	826.00	1,888.00-	2,714.00	826.00	1,888.00-	
12.0000	HR/EA	.8542	657.60	708.00	50.40-	31,565.00	33,984.00	2,419.00-	
17.0000	HR/EA	2.1389	876.81	1,003.00	126.19-	19,782.50	18,054.00	2,271.50-	
24.0000	HR/EA	3.3334	1,219.33	1,416.00	196.67-	3,658.00	4,248.00	590.00-	
15.0000	HR/EA	2.3750-	1,025.13	885.00	140.13-	4,100.50	3,540.00	560.50-	
20.0000	HR/EA	3.7500	958.75	1,180.00	221.25-	17,257.50	21,240.00	3,982.50-	
27.0000	HR/EA	13.3750	803.88	1,593.00	789.12-	6,431.00	12,744.00	6,313.00-	
						4,503,578.77	4,549,863.21	46,284.44	
						4,503,578.77	4,549,863.21	46,284.44	
						4,503,578.77	4,549,863.21	46,284.44	

SHOWS BUDGETARY SPENDING ON A PROJECT, CONTRACT OR ANNUAL BASIS

PROVIDES MECHANISMS FOR INCENTIVE SYSTEMS

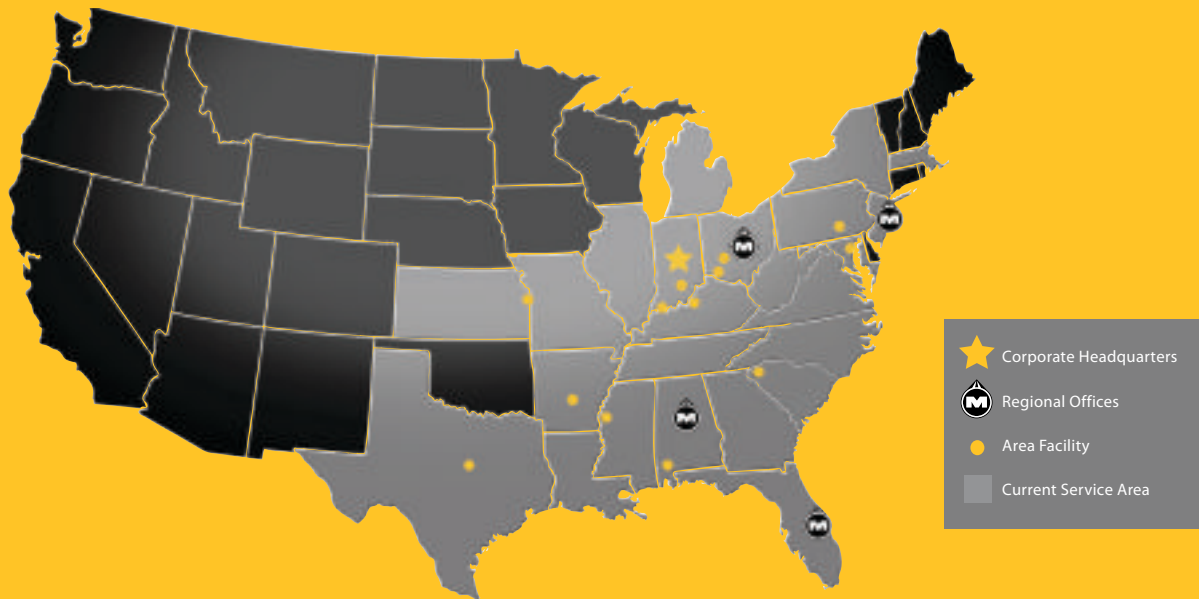
The data tracking mechanism allows clients the ability to:

- Track data for all projects at one centralized location
- Easily track individual projects or entire contracts with one mouse click
- Identify targeted expenditures throughout the contract period
- Securely access the data from anywhere with an internet connection
- Create billings from a single data-tracking source
- Better identify costs for future work



Miller Pipeline Corp.

Miller Pipeline Corporation is one of the nation's premier natural gas distribution, transmission pipeline and utility contractors. We provide a comprehensive range of pipeline contracting and rehabilitation services for natural gas, liquids, water and wastewater pipelines. Specialty products and services for the industrial and telecommunication industries are also offered. With our corporate headquarters in Indianapolis, Indiana, and area facilities throughout the country, our steadily expanding geographic footprint enables us to ensure the availability of local resources and expertise to support your project.



Our representatives will be glad to discuss your pipeline needs.
For further information, or to arrange an on-site inspection, please contact us.

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