

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Patrick L. Baryenbruch

Question 1:

Provide Service Company costs per customer for West Virginia American and New Jersey American.

Response:

Please see attached.

For the electronic version, refer to KAW_R_PSchDR1#1_082010.pdf.

Kentucky American Water Company
Commission Information Request
American Waterworks Service Company Costs Per Customer from Baryenbruch Studies

| Company | Test Year | SC Cost per Customer |
|------------------------|--------------|----------------------|
| Kentucky American | Jul 31, 2008 | \$ 60 |
| Kentucky American | Sep 30, 2009 | \$ 55 |
| New Jersey American | Jun 30, 2009 | \$ 49 |
| New Mexico American | Dec 31, 2007 | \$ 68 |
| Pennsylvania American | Dec 31, 2008 | \$ 54 |
| Tennessee American | Mar 31, 2010 | \$ 59 |
| Virginia American | Sep 30, 2009 | \$ 58 |
| West Virginia American | Dec 31, 2007 | \$ 55 |
| West Virginia American | Dec 31, 2009 | \$ 54 |

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 2:

Provide the IRS interest rate for the FIN 48 funds associated with the accounting change.

Response:

The current interest rate applicable to underpayments of FIT to the IRS is 4% per annum until such time as the IRS notifies an entity of an assessment amount. If an entity elects to challenge the IRS assessment the interest rate is 6% per annum from the assessment date forward until such payment is made (assumes entity challenge is unsuccessful).

For the electronic version, refer to KAW_R_PSCHDR1#2_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: **James I. Warren**

Question 3:

Provide a copy of the Texas order addressing FIN 48 and ADIT.

Response:

Please see attached.

For the electronic version, refer to KAW_R_PSCHDR1#3_082010.pdf.

PUC DOCKET NO. 35717
SOAH DOCKET NO. 473-08-3681

APPLICATION OF ONCOR ELECTRIC § PUBLIC UTILITY COMMISSION
DELIVERY COMPANY, LLC FOR §
AUTHORITY TO CHANGE RATES § OF TEXAS

ORDER ON REHEARING

This Order addresses the application of Oncor Electric Delivery Company, LLC for authority to change its rates. On June 27, 2008, Oncor filed its first application with the Public Utility Commission of Texas for a rate change since it was unbundled on January 1, 2002. Oncor originally requested a total net increase of \$275 million, of which \$45 million represented the net increase associated with transmission service, and \$230 million represented the net increase associated with the retail delivery service. Oncor revised its revenue requirements on August 11, 2008, in its 45-day update to the rate filing package.¹ As updated, Oncor's system-wide adjusted rate increase would yield \$253,468,000 of increased revenue.

On June 2, 2009, the State Office of Administrative Hearings (SOAH) administrative law judges (ALJs) issued a proposal for decision in which they recommended an overall rate increase for Oncor of \$30,274,392. The Commission adopts in part and rejects in part the proposal for decision issued by the ALJs in this proceeding, including the findings of fact and conclusions of law. For the reasons discussed in this Order, the Commission determines that Oncor's appropriate system-wide adjusted rates will lead to a revenue increase of \$115,061,510.²

I. PROCEDURAL HISTORY

Oncor filed its petition and rate filing package on June 27, 2008. On July 1, 2008, the Commission referred this case to SOAH. An order was issued suspending the effective date of tariff changes and setting a prehearing conference. On August 6, 2008, the Commission filed a

¹ Petition and Statement of Intent of Oncor Electric Delivery Company LLC (June 27, 2008), Oncor Initial Brief at 11 (March 4, 2009); Oncor Exhibits 1-6.

² Description of Attendant Impacts and Number Running Schedules, Version 2, Scenario 1 (Aug. 10, 2009).

preliminary order listing the issues to be addressed in this proceeding. On November 20, 2008, Oncor requested that the issues concerning the costs incurred in presenting this rate case be moved to a separate docket. The matter was severed into *Application of Oncor Electric Delivery Company, LLC for Rate Case Expenses Pertaining to Docket No. 35717*, Docket No. 36530.

The hearing on the merits convened before SOAH ALJs Henry Card and Catherine Egan on January 13, 2009, and continued until February 9, 2009. At the close of the evidentiary hearing, Oncor announced on the record that it agreed to extend the jurisdictional deadline to July 15, 2009.³ The record remained open for the filing of briefs. On March 27, 2009, the parties filed their reply briefs and the record closed. Number running began on May 12, 2009 with Staff returning the final numbers to the ALJs on May 22, 2009. The parties requested that the ALJs file the PFD by June 2, 2009.

Exceptions to the PFD and replies to exceptions were filed. Subsequently, on July 1, 2009, the ALJs filed a letter recommending changes to certain findings of fact. Accordingly, findings of fact 8, 15, 24, 41, 43, 49, 51, 118, 119, and 203 are modified to reflect the recommendations made by the SOAH ALJs. Finding of fact 14 is not modified in response to the ALJs' letter because, as discussed below, this finding is deleted in accordance with Chairman Smitherman's memorandum responding to motions for rehearing.

The Commission considered this matter at six Open Meetings: July 2, 2009, July 30, 2009, August 13, 2009, October 8, 2009, October 22, 2009, and November 5, 2009. At the July 2, 2009 Open Meeting, Oncor agreed to extend the jurisdictional deadline to August 31, 2009. Oncor implemented its new rates on September 17, 2009 based on the Commission's August 31, 2009 Order.

Motions for rehearing were filed by the State of Texas, Oncor Delivery Company, LLC., Alliance of TXU/Oncor Customers, Office of Public Utility Counsel, Steering Committee of Cities, Texas Industrial Energy Consumers, on September 21, 2009. Commission Staff and Texas Industrial Energy Consumers filed responses to the motions for rehearing on

³ Tr. Vol. 17 at 3292-3293 (Feb. 9, 2009).

September 30, 2009. On October 8, 2009, the Commission issued an order extending time to act on motions for rehearing to the maximum time allow by law.

At the October 22, 2009 Open Meeting, the Commission raised the issue of what applicability, if any, does the Texas Supreme Court's holding in *Suburban Utility Corporation v. Public Utility Commission of Texas*⁴ have on the federal income tax issues in this proceeding. The *Suburban* court held that a subchapter S corporation⁵ "is entitled to a reasonable cost of service allowance for federal income taxes actually paid by its shareholders on [the utility's] taxable income or for taxes it would be required to pay as a conventional corporation, whichever is less."⁶ The Commission requested briefing on the *Suburban* case in its October 22, 2009 Open Meeting and a briefing order was issued that day. Responses were filed October 29, 2009 and the Commission addressed the issue during its November 5, 2009 Open Meeting.

New findings of fact 35B, 35C, and 35D are added to reflect this additional procedural history.

Additionally, Chairman Smitherman filed a memorandum on October 22, 2009 wherein he proposed twelve modifications in response to Oncor's motion for rehearing. These modification are adopted by the Commission. Accordingly, findings of fact 14, 35, 36, 66, 70, 112, 133, and 134 are deleted and replaced with new findings of fact 14A, 35A, 36A, 66A, 70A, 112A, 133A, and 134A; and ordering paragraph 7 is modified to properly reflect or clarify the Commission's decision as discussed in the Chairman's memorandum. New findings of fact 128B and 174A and new conclusion of law 19B are discussed later in this Order.

II. DISCUSSION

A. Cash Working Capital (CWC)

The Commission disagrees with the ALJs' finding that Oncor's requested cash working capital (CWC) should be reduced by \$2,453,665 to remove Oncor's allowance for expenses

⁴ *Suburban Util. Corp. v. Pub. Util. Comm'n*, 652 S.W.2d 358 (Tex. 1983).

⁵ See 26 U.S.C. § 1361.

⁶ 652 S.W.2d at 364.

covering employee home-purchase plans and employee home loans for the purchase of energy-efficiency items and appliances. The Commission agrees with Oncor's position that P.U.C. SUBST. R. § 25.231(c)(2)(B)(iii)(IV)(e) specifically provides that working cash funds like those Oncor proposed should be included in the CWC calculations.⁷ The Commission further agrees that Oncor's overall level of employee compensation, including employee benefits, is designed to be competitive and is reasonable and necessary to allow the Company to attract qualified and experienced personnel required to provide safe and reliable electric service.⁸ The Commission finds that the expenses are reasonable and necessary and that Oncor should have the discretion to offer these options as part of the compensation program for Oncor employees. The Commission therefore reverses the recommendation in the PFD⁹ and allows Oncor to recover the \$2,453,665 in its CWC allowance.

Finding of fact 71 is deleted and new finding of fact 71A is added to reflect the Commission's decision.

B. Plant Held for Future Use (PHFU)

The ALJs found that Oncor's proposed plant held for future use (PHFU) should be reduced by \$12,639,442 because Oncor has not provided a credible plan that the properties are going to be placed in service within ten years. The Commission disagrees. Oncor requested a PHFU level of \$17,110,015. The Alliance of TXU/Oncor customers (ATOC) contested this number and identified several parcels totaling \$12,639,442 that should be removed from the PHFU because they had continuously moving in-service dates. The Commission finds that Oncor presented a credible plan for these parcels and that companies that are in Oncor's position need to have flexibility to move items in and out of their plans.

Findings of fact 73 and 74 are deleted and new findings of fact 73A, 73B and 74A are added to reflect the Commission's decision.

⁷ Oncor's Exceptions to the Proposal for Decision at 32 (June 16, 2009).

⁸ *Id.* at 31.

⁹ PFD at 43.

C. Capgemini Energy (CGE) Charges to Oncor

The ALJs recommended the disallowance of \$5,673,205.90 in Capgemini Energy (CGE) charges to Oncor based on the determination that there was a “possibility that the \$88 million included some disputed charges,” and the concern that Oncor did not prove the reasonableness of additional resource charges (ARC) representing that amount. The Commission reverses the PFD to modify the amount disallowed to \$1,433,094.47. The Commission is persuaded by Oncor’s arguments that the disallowed \$5,673,205.90 was based on the ALJs’ incorrect determination of the record. The Commission agrees with Oncor that there is no record evidence to support the conclusion that the disallowed \$5,673,205.90 represented disputed charges. The \$1,433,094.47 reflects Oncor’s acknowledgement that it was credited \$16,008,942.33 in the separation agreement with CGE for disputed and undisputed charges and that the \$1,433,094.47 disallowance is Oncor’s estimate of the amount of CGE charges that should be disallowed associated with the test-year.¹⁰

Finding of fact 111 is deleted and new finding of fact 111A is added to reflect the Commission decision to modify the disallowed amount.

D. Account Code 365 – Distribution Overhead Conductor

On the issue of net salvage value for Account 365, Distribution Overhead Conductors, the ALJs found the preponderance of the evidence supports that a negative 40% net salvage rate would be appropriate as argued by ATOC. Oncor argued that because the average net salvage value for the last 10 years was negative 54%, a negative 55% net salvage was appropriate as a conservative estimate of the ongoing removal cost in this account.¹¹ Commission Staff advocated a negative 53% net salvage based on a gross salvage of 5% and cost of removal of 58% for 1998 through 2007.¹² ATOC also noted that Oncor had experienced three or four of the worst storms in its history between 2004 and 2007, which would have driven up the cost of removal. The Commission finds that the preponderance of the evidence weighs in favor of the

¹⁰ Oncor’s Exception to the Proposal for Decision at 86.

¹¹ Dane A. Watson Direct Testimony, Oncor Ex. 15, Attachment DAW-2 at 65.

¹² Nara Srinivasa Revised Direct Testimony, Staff Ex. 8A at 58.

net salvage values of negative 54% as proposed by both Oncor and Commission Staff and reverses the PFD on this point.

Finding of fact 124 is deleted and new finding of fact 124A is added to reflect the Commission's decision.

E. Suburban Holding

In *Suburban Utility Corporation v. Public Utility Commission of Texas*,¹³ the Texas Supreme Court held that Suburban Utility, a subchapter S corporation,¹⁴ “is entitled to a reasonable cost of service allowance for federal income taxes actually paid by its shareholders on [the utility’s] taxable income or for taxes it would be required to pay as a conventional corporation, whichever is less.”¹⁵ Oncor argued that because the actual taxes-paid doctrine was subsequently disavowed by the supreme court,¹⁶ the only viable portion of the *Suburban* holding required that its tax expense be calculated as if it were a conventional corporation.¹⁷ All the other parties argued that the holding in *Suburban* was still valid and requires that Oncor’s tax expense be based on the actual tax expense paid by Oncor’s shareholders.¹⁸

The Commission agrees with the supreme court that there is no such thing as actual taxes in a ratemaking proceeding.¹⁹ As the court noted, rates are based on historic test-year amounts, but those amounts are adjusted and modified during the rate setting process, or are based on assumptions.²⁰ In addition, although not mentioned by the court, the amount of income tax expense as typically calculated is directly related to the return on equity set by the Commission, a return that the utility will almost certainly never obtain—either missing it on the high side or

¹³ *Suburban Util. Corp. v. Pub. Util. Comm’n*, 652 S.W.2d 358 (Tex. 1983).

¹⁴ See 26 U.S.C. § 1361.

¹⁵ 652 S.W.2d at 364.

¹⁶ See *Pub. Util. Comm’n v. GTE-Southwest, Inc.*, 901 S.W.2d 401, 408-12 (Tex. 1995).

¹⁷ Oncor’s Response to Order Requesting Briefing at 3-4 (Oct. 29, 2009).

¹⁸ See, e.g., Commission Staff’s Response to Order Requesting Briefing at 2 (Oct. 29, 2009).

¹⁹ 901 S.W.2d at 411, “tax expenses will always be a hypothetical amount.”

²⁰ *Id.*

the low side. Thus, “[t]he income tax calculation is no different than other elements of utility ratemaking.”²¹ In setting rates, the Commission has considerable discretion.

Consequently, the Commission concludes that, under *Suburban*, it must make an allowance for taxes but that, under *GTE-Southwest* and subsequent cases, it has discretion to determine the appropriate method and amount. The Commission recognizes that PURA limits its discretion. For example, the Commission cannot consider disallowed expenses in setting rates;²² the rates it sets must be just and reasonable,²³ but cannot be unreasonably preferential or discriminatory;²⁴ and the rates must provide “overall revenues . . . that will permit the utility a reasonable opportunity to earn a reasonable return on the utility’s invested capital . . . in excess of the utility’s reasonable and necessary operating expenses.”²⁵ Even with these statutory limitations, the Commission has considerable discretion.

Oncor is a limited liability corporation (LLC) organized under Delaware law. It is taxed as a partnership under federal law and is therefore not currently eligible to file a consolidated tax return with Energy Future Holdings (EFH).²⁶ Additionally, the Commission determines Oncor’s status to be that of a ring-fenced utility that has entered into a tax sharing agreement with EFH and its affiliates that requires Oncor to function as a stand-alone company. The tax sharing agreement was created in October 2007 in an effort to insulate Oncor from the liability related to EFH and its affiliates. The Commission concludes that Oncor should be treated as a stand-alone company.

Because the Commission determines that Oncor should be treated as a stand-alone and ring-fenced company, the Commission concludes that Oncor’s tax expense should be calculated as if it were a conventional corporation. This treatment will afford Oncor with a reasonable amount for tax expense, including federal income tax and other state taxes. Further, while the record is not fully developed on this point, it appears that the amount allowed for federal income

²¹ *Id.*

²² PURA § 36.062(4); 901 S.W.2d at 411.

²³ PURA § 36.003(a).

²⁴ *Id.* § 36.003(b), (c).

²⁵ *Id.* § 36.051.

²⁶ PFD at 184.

tax expense would not differ greatly from the expense that would be allowed using the tax rates of Oncor's shareholders considering only the income and expenses resulting from Oncor's operation as a utility.²⁷

Even though the tax expense allowed by the Commission will not differ in amount from the amount requested by Oncor under its tax-sharing agreement, the Commission emphasizes that it is not basing its decision on the tax-sharing agreement between Oncor and Energy Future Holdings Corporation (EFH). The Commission has never been expressly asked to consider and approve that agreement, it has not previously approved that agreement, and it is not doing so here. While this agreement provides some benefits to isolate Oncor from its shareholders, neither Oncor nor any other utility can bind the Commission to establish a tax expense in a rate proceeding through a bilateral contract that has not been approved by the Commission.

F. Consolidated Tax Savings Adjustment (CTSA)

The Commission reverses the ALJs' determination that it was appropriate for Oncor to include a consolidated tax savings adjustment (CTSA) in its federal income tax expense calculations. The Commission is required—unless it is shown to be reasonable not to do so—to calculate a utility's income tax expense “as though a consolidated return had been filed and the utility had realized its fair share of the savings resulting from that return, *if*:" (1) the utility is a member of an affiliated group eligible to file a consolidated return; and (2) it is advantageous for the utility to do so.²⁸ The Commission finds that Oncor is not currently a member of an affiliated group eligible to file a consolidated tax return; and therefore, the provisions of PURA § 36.060 do not apply to it.

The Commission's CTSA decision in this proceeding is not based on Oncor's tax-sharing agreement with EFH and its affiliates. Rather, it is limited to the Commission's determination that the statutory requirements to include a CTSA are not met.

²⁷ See Oncor's Response to Order Requesting Briefing at 12-13; see also *Moyston v. New Mexico Pub. Serv. Comm'n*, 412 P.2d 840, 849-50, 63 P.U.R.3d 522, ___ (N.M. Ct. App. 1966) (discussing a similar tax treatment in *Re Southern Union Gas Company*, 36 P.U.R.3d 60 (1960), *on remeand*, 40 P.U.R.3d (N.M. Pub. Serv. Comm'n 1961)).

²⁸ PURA § 36.060(a) (emphasis added).

To reflect the Commission's decisions regarding tax expenses, finding of fact 128 is deleted and new findings of fact 128A-F are added. Findings of fact 129 and 130 are deleted consistent with the Commission's finding that a consolidated tax savings adjustment is not applicable to Oncor. Additionally, conclusion of law 19 was deleted and replaced with new conclusions of law 19A-D to reflect the Commission's legal conclusion on this point.

G. State and Local Taxes – Texas Gross Margin Tax

The Commission reverses the ALJs determination that Oncor must compute its gross margin tax as an affiliate. Consistent with the Commission's decision regarding taxes, the Commission finds that Oncor is not a member of an affiliated group and Oncor should calculate its Texas gross margin tax on a stand-alone. Further, the Commission notes that its decision is not based on the tax-sharing agreement.

To reflect the Commission's decision on the Texas gross margin tax issue, finding of fact 132 is deleted and new finding of fact 132A is added.

H. State and Local Taxes – Municipal Franchise Fees

The Commission disagrees with the ALJs' interpretation of PURA § 33.008 and reverses the ALJs' findings and conclusions regarding municipal franchise fees. Oncor requested recovery of municipal franchise fees totaling \$253,884,976. Commission Staff challenged this amount and recommended a reduction of \$5,696,931.²⁹ According to Commission Staff, Oncor is not entitled to recover the 5% increase in the franchise fee rate that it agreed to pay pursuant to an agreement with Cities.³⁰ The Commission agrees with Commission Staff's interpretation that PURA § 33.008(b) specifies how to calculate municipal franchise fees owed by a utility to municipalities within its service territory.³¹ Since Oncor agreed to pay its municipalities 5% more than the 2005 effective rate calculated pursuant to PURA § 33.008(b), it is not an expense that is reasonable and necessary to provide service to the public.³² The Commission also notes

²⁹ Mary Jacobs Direct Testimony, Commission Staff Ex. 5 at 26-27.

³⁰ *Id.*

³¹ *Id.*

³² Tr. Vol. 7 at 1241-1242 (Jan. 23, 2009).

its concern over allowing ratepayers who reside outside of the Cities' jurisdiction to pay for franchise fees calculated in an agreement to which their city or municipality was not a party.

Finding of fact 133 is deleted and new finding of fact 133A is added to reflect the Commission's decisions regarding municipal franchise fees.

I. Automated Meter Recovery

Regarding the issue of automated meter recovery, the ALJs determined that 41.82% of Oncor's investment in automated meters should not be recovered. Oncor requested the inclusion of \$93,185,786.07 in plant-in-service for its powerline carrier (PLC) and broadband-over-powerline carrier (BPL) meters. Commission Staff, ATOC, and Cities argued that Oncor's purchase and installation of automated meters between 2004 and the adoption of the advanced metering system (AMS) rule on May 30, 2007 was partly or entirely imprudent, and recommended disallowing all or part of that investment.

Oncor pointed to national and state legislative initiatives that Oncor believed supported and encouraged its deployment of advanced metering systems and Oncor's continued deployment of its PBL and PLC meters.³³ Additionally, Oncor cited a discussion among Commissioners Hudson, Parsley, and Smitherman at the Commission's May 8, 2007 Open Meeting in which the Commissioners strongly encouraged the deployment of BPL meters.³⁴ The Commission agrees with Oncor's position and finds that Oncor did have significant encouragement from the Commission in deploying both PLC and BPL meters. The Commission further finds that Oncor acted prudently and in accordance with the information they had at the time. Therefore, the Commission allows Oncor to recover the full costs of its BPL and PLC meters.

To give effect to the Commission's decisions regarding automated metering, findings of fact 141, 144, 145, 147, 149, 150, 151, 152 and 153 are deleted and new findings of fact 141A, 153A, and 153B are added. Additionally, conclusion of law 21 is deleted and new conclusion of law 21A is added to reflect the Commission's legal conclusion regarding the prudence standard

³³ Oncor's Initial Post Hearing Brief at 192-3 (Mar. 27, 2009).

³⁴ *Id.* at 199-200.

set out in *Application of Gulf States Utilities for Authority to Change Rates*, Docket No. 6525 (Oct. 15, 1986).

J. Creation of Primary Substation Rate Class

The Commission disagrees with the ALJs' recommendation to deny Oncor's request to create a new primary substation rate class³⁵ and approves the creation of a new primary-greater-than-10-kW substation tariff. This new service affects about 50 primary substation customers, mostly industrial customers, receiving voltage from, or near, a substation. These customers construct and maintain the distribution facilities themselves. The only distribution facilities required by Oncor to provide this service are the distribution substation facilities. Additionally, the service is virtually identical to the service provided to current wholesale customers from Oncor's existing XMFR tariff. The Commission notes that Oncor implemented its current rates on September 17, 2009. Those rates reflect the Commission's August 31, 2009 Order which did not provide for the primary-greater-than-10-kW substation tariff. Therefore, rate adjustments required to reflect the Commission's decision on rehearing shall be prospective from the date of the final order in this proceeding. Findings of fact 155, 156 157, 158, 159, and 160 are deleted and new findings of fact 155A, 156A, 157A, 158A, 159A, 160A, and 160B are added to reflect the Commission's decisions regarding the creation of a new primary substation rate class.

K. Cost Allocation – Direct Assignment of Cost to Wholesale Customers

The PFD indicates that Oncor should maintain data adequate for the direct assignment of costs to those wholesale classes and to prepare a cost-of-service study using direct assignment for those classes in its next rate case.³⁶ The Commission clarifies this point so as to order Oncor to maintain data adequate for direct assignment of costs to wholesale classes. However, the Commission believes that the direct assignment of such costs should be conducted in a broader forum than a rate-setting proceeding.

³⁵ PFD at 214.

³⁶ PFD at 223, 224.

Findings of fact 173 and 174 are deleted and replaced with new findings of fact 173A and 174A to clarify the Commission's position regarding direct assignment of costs to wholesale classes of customers.

In addition to the changes addressed above, the Commission notes that other minor, non-substantive corrections and modifications to the ALJs' proposed findings of fact and conclusions of law were made.

III. FINDINGS OF FACT

Introduction and Procedural History

1. Oncor Electric Delivery Company, LLC (Oncor), formerly TXU Electric Delivery Company, is an investor-owned electric utility within the Electric Reliability Council of Texas (ERCOT) system.
2. Oncor provides transmission and distribution electrical services in the northeast to central and west Texas, including the Dallas-Fort Worth Metroplex area. Oncor delivers electricity to three million meters that reach close to seven million consumers in 401 cities and 91 counties in Texas.
3. Oncor is the largest transmission and distribution utility (T&D) company in Texas and is the sixth largest T&D in the United States.
4. As part of the unbundling cost of service hearings, in 2001, Oncor's costs of services were separated for accounting purposes between its transmission and distribution functions and its rates were set among various classifications.
5. On February 25, 2007, Oncor's former parent company, TXU Corp., entered into an Agreement and Plan of Merger with Texas Energy Future Holding Limited Partnership (TEF) and Texas Energy Merger Sub Corp (Merger Sub) (the merger agreement).
6. Pursuant to the merger agreement, TEF acquired TXU Corp and changed TXU Corp.'s name to Energy Future Holdings Corporation (EFH).
7. Oncor became a wholly owned subsidiary of Oncor Electric Delivery Holdings Company LLC, which is a member of the EFH system of companies.

8. On October 10, 2007, Oncor entered into a tax sharing agreement (the tax sharing agreement) with EFH in an effort to insulate Oncor from the liabilities related to EFH and its affiliates.
9. The tax sharing agreement benefits both Oncor's shareholders and ratepayers.
10. The Commission approved the merger agreement in *Joint Report and Application of Oncor Electric Delivery Company and Texas Energy Future Holding Limited Partnership Pursuant to PURA 14.101*, Docket No. 34077 (April 24, 2008).
11. On November 5, 2008, EFH sold 19.95% of Oncor to investors from Canada and Singapore for \$1,254,000,000.
12. In 2008, Oncor became a Delaware Limited Liability Corporation.
13. On June 27, 2008, Oncor filed its application with the Public Utility Commission of Texas for authority to increase its transmission and distribution rates to achieve an increase in revenue of approximately \$275 million.
14. DELETED.
- 14A. Oncor revised its proposed revenue requirements in its 45-day update to the rate filing package (August 11, 2008), its Supplemental Direct Testimony (October 3, 2008), its Rebuttal Testimony (December 23, 2008) and its Omnibus errata Filing (January 9, 2009), and is now requesting increased revenue of approximately \$253,468,000.
15. Of this amount, retail distribution service revenues would increase approximately \$210,000,000, and transmission revenues would increase approximately \$44,000,000.
16. Concurrent with its filing with the Commission, Oncor filed a similar petition and statement of intent with each incorporated city in its service area that has original jurisdiction over its retail rates.
17. Oncor provided notice by publication once a week for four consecutive weeks before the effective date of the proposed rate change in newspapers having general circulation in each county in Oncor's service territory.

18. Individual notice of Oncor's application was provided to the Commission Staff and the Office of Public Utility Counsel on June 27, 2008.
19. On June 27, 2008, Oncor sent a copy of its petition and statement of intent by hand-delivery to each municipality within Oncor's service area with original jurisdiction.
20. Oncor timely served notice by either hand-delivery or over-night delivery of its complete rate filing package and compact disc to all authorized representatives of the parties in *Petition by Commission Staff for a Review of the Rates of TXU Electric Delivery Company*, Docket No. 34040 (June 30, 2008).
21. On June 27, 2008, Oncor mailed notice of its petition and statement of intent to all authorized representatives of the parties in *Joint Report and Application of Oncor Electric Delivery Company and Texas Energy Future Holdings Limited Partnership Pursuant to PURA § 14.101*, Docket No. 34077 (April 24, 2008).
22. On June 27, 2008, Oncor mailed notice of its petition and statement of intent to all Retail Electric Providers (REPs) who have been certified by the Commission and who serve end-use customers in Oncor's service area and to all entities listed in the Commission's transmission matrix in Docket No. 35011.
23. The Commission referred this proceeding to SOAH on July 1, 2008. On August 6, 2008, the Commission issued its preliminary order setting forth the issues to be addressed in this proceeding.
24. The following entities were granted intervenor status in this case: Alliance of TXU/Oncor Customers (ATOC); Steering Committee of Cities (Cities); International Brotherhood of Electrical Workers Local 69 (IBEW); Lee Smith; Alliance for Retail Markets (ARM); Texas Industrial Energy Consumers (TIEC); Denton Municipal Electric; State of Texas; Occidental Power Marketing, L.P.; Office of Public Utility Counsel; Texas Association for Marketers (TEAM); Tex-La Electric Cooperative of Texas, Inc.; Rayburn Country Electric Cooperative; City of Garland; Texas Legal Services Corporation/Texas Ratepayers Organization to Save Energy (TLSC/TxRose); TXU Energy Retail; Kroger Company; Reliant Energy Retail Services, LLC; Nucor Steel-

- Texas (Nucor); Environmental Defense Fund (EDF); the Commercial Group; and Centerpoint Energy Houston.
25. Oncor timely filed appeals with the Commission of the rate ordinances of the municipalities exercising original jurisdiction within its service territory. All such appeals were consolidated for determination in this proceeding.
 26. On September 11, 2008, State moved for partial summary disposition regarding Oncor's request to modify its base rate discount for state institutions of higher learning.
 27. The Administrative Law Judge (ALJ) issued a proposal for decision addressing State's motion for partial summary disposition on November 13, 2008, recommending that the Commission grant State's motion.
 28. On January 30, 2009, the Commission partially rejected the ALJ's recommendation and issued an Order ruling against State finding also that Oncor was not allowed to provide the 20% discount to institutions of higher education at the expense of ratepayers.
 29. On February 17, 2009, State filed a request to reconsider the order with the Commission.
 30. Commission Advising and Docket Management refused to ballot the Commissioners on State's motion because State's request for reconsideration was untimely filed.
 31. State filed a motion for leave to late file its motion for reconsideration on February 17, 2009. The Commissioners voted not to hear State's motion.
 32. On January 2, 2009, Oncor's request that its rate case expenses be severed from this docket was granted. The severed matter was assigned *Application of Oncor Electric Delivery Company LLC for Rate Case Expenses Pertaining to PUC Docket No. 35717*, Docket No. 36530.
 33. Oncor's application is based on the test year ending December 31, 2007.
 34. The hearing on the merits began on January 13, 2009, and lasted seventeen hearing days, concluding on February 9, 2009.
 35. DELETED.

- 35A. Oncor's proposed effective date for the proposed rates was suspended by the SOAH ALJs for 150 days. Oncor agreed to further extend the effective date for its proposed rates until July 15, 2009, and then again until August 31, 2009, to allow sufficient time for the ALJs and the Commission to process the case.
- 35B. Oncor implemented its new rates on September 17, 2009, based on the Commission's August 31, 2009, Final Order.
- 35C. Motions for rehearing were filed on September 21, 2009, and on October 8, 2009, the Commission issued an order extending time to act on motions for rehearing to the maximum time allow by law.
- 35D. The Commission issued an order requesting briefings on the *Suburban* case after the October 22, 2009 Open Meeting, and subsequent to receiving responses from the parties, considered the issue in the November 5, 2009 open meeting.

Rate Base

- 36. DELETED.
- 36A. Oncor's T&D capital investments in the amount of \$7,881,760,603 net plant in service (including investments currently being recovered through Oncor's transmission cost of service), were used and useful, and reasonable and necessary, and should be approved.
- 37. Accumulated Deferred Federal Income Taxes (ADFIT) represent a timing difference in the amortization or depreciation of an asset that differs from the tax amortization or depreciation.
- 38. ADFIT operates as a reduction to the rate base, or invested capital, upon which the rate of return may be applied.
- 39. Oncor withdrew its proposed adjustment to ADFIT for liberalized depreciation expenses.
- 40. Oncor's ADFIT amounts should be adjusted to increase Oncor's ADFIT by \$50,228,784 to reverse Oncor's reduction to the ADFIT for liberalized depreciation.
- 41. Oncor's ADFIT includes a \$43,539,628 deferred tax asset for its current and non-current alternative minimum tax (AMT) credits, thereby increasing the rate base.

42. To ensure that some federal income taxes are paid each year, federal income tax (FIT) returns must be calculated two ways each year, the regular tax return method and the AMT method.
43. The current income tax is paid based on the taxing method (regular tax or AMT) that yields the highest tax liability. Taxes paid on an AMT basis generate AMT credits that can be used to offset future regular taxable liability.
44. During the test year, Oncor did not file its own tax return, but instead prepared its FIT records and forwarded them to EFH, the holding company, and EFH filed a consolidated tax return.
45. The EFH consolidated group had to file its tax returns under the AMT method from 1992 to 2008 causing Oncor's AMT credits to accumulate.
46. As a result of the tax savings agreement entered into on October 10, 2007, Oncor prepared and calculated its FIT return as though it is a stand-alone corporation.
47. Unless expressly provided for in PURA, the Commission rules, or approved in a Commission order, agreements between a regulated utility and its parent company do not alone dictate how rates are set.
48. Oncor's tax sharing agreement is not binding on the Commission.
49. Ratepayers paid Oncor's FIT expenses calculated at the regular tax rate irrespective of how Oncor, or EFH, actually paid the IRS and irrespective of what tax method was used by EFH to calculate the taxes.
50. FIT expenses must be normalized so that the tax effects of income and expenses are recognized at the same time that the related income and expenses are incurred.
51. AMT credits (deferred tax asset) represent a prepayment of regular federal income taxes.
52. The accumulated AMT credits represent a cost to Oncor for its participation in the EFH consolidated group that should not be charged to the ratepayers.
53. Oncor's AMT credits totaling \$43,539,628 should be removed from its ADFIT balance.

54. In June 2006, the Financial Accounting Standard Board (FASB) issued Financial Interpretation 48 (FIN 48), "*Accounting for Uncertainty in Income Taxes*," requiring companies to identify each uncertain tax position by evaluating the tax position on its technical merits to determine whether the tax position, and the corresponding deduction, is more-likely-than not to be sustained by the Internal Revenue Service (IRS).
55. FIN 48 became effective on January 1, 2007, and requires companies with uncertain tax positions to remove the amount from the ADFIT and record it as a potential liability with interest to better reflect the company's financial condition.
56. During the test year, Oncor conducted a FIN 48 analysis and determined that \$96,972,460 did not meet the FIN 48 standard. Oncor reclassified the tax benefit from an ADFIT to a non-current reserve that accrues the IRS prescribed interest.
57. The Commission requires a utility to use the Federal Energy Regulatory Commission (FERC) chart of accounts in preparing its rate filing package.
58. Recognizing the competing needs between financial reporting unrelated to ratemaking, and reporting for ratemaking, FERC issued a policy statement in May 2007 stating that utilities are not to follow FIN 48 for financial accounting and reporting submitted to FERC.
59. The IRS may not audit or reverse Oncor's position as to the tax deductions identified as FIN 48 deductions and moved into the FIN 48 reserve.
60. Oncor may not have to pay the IRS the FIN 48 deductions of \$96,972,460; and therefore, they should be added back into the ADFIT for ratemaking purposes.
61. Oncor properly included its ADFIT assets for pension, other postemployment benefits (OPEBs), and FAS 112 liabilities in its ADFIT balance.
62. Investor-owned electric utilities may include a reasonable allowance for cash working capital (CWC) in the rate base as determined by a lead-lag study conducted in accordance with the Commission's rules.

63. In Oncor's last rate case, the Commission approved CWC of a negative \$73,955,000. In this rate case, Oncor requested a positive CWC allowance of \$1,370,010.
64. CWC represents the amount of working capital, not specifically addressed in other rate base items, that is necessary to fund the gap between the time expenditures are made and the time corresponding revenues are received.
65. Oncor's calculation of its lead days for vegetation management (a positive 123.22) was unreasonable in that Oncor estimated that the service period for tree trimming and other vegetation management extended a year beyond when the trees were trimmed.
66. DELETED.
- 66A. The service period for non-labor, other-third-party expenses is the actual period in which the services are provided and therefore Oncor's expense lead days for vegetation management should be a negative 36.02.
67. Oncor's CWC for vegetation management expenses is \$1,163,317, not the \$12,397,196 requested.
68. Oncor's request for a negative 11.75 lead days for its pension expenses is reasonable.
69. Oncor's payment of the invoice for a year-long meter maintenance contract was not a prepayment and was properly included in Oncor's CWC allowance.
70. DELETED.
- 70A. Commission Staff's recommendation regarding the calculation of lead days related to the State Gross Margin Tax should be adopted and the amount of lead days should be changed from Oncor's proposed positive 46.42 days to a negative 319.58 lead days.
71. DELETED.
- 71A. Oncor's inclusion of \$2,453,665 in its CWC allowance for expenses covering employee home purchase plans and employee loans for the purchase of energy-efficiency items and appliances is reasonable and should be approved.
72. Oncor's decision to withdraw from the accounts receivable financing program was financially reasonable and in the best interest of the ratepayers.

73. DELETED.
- 73A. Oncor's plant held for future use (PHFU) proposed in its rate base included PHFUs for which Oncor had a credible plan for use within a ten-year period.
- 73B. Companies in Oncor's position need to have flexibility to move items in and out of their plans.
74. DELETED.
- 74A. Oncor's proposed PHFU level of \$17,110,015 is reasonable and should be granted.
75. Oncor included in its regulatory assets \$20,274,840.00, the costs it incurred in restructuring efforts undertaken in 2004 and 2006 to reduce labor and related costs, and requested that it be amortized over a five-year period, \$4,054,968 per year.
76. While Oncor's restructurings efforts may have reduced its O&M expenses and capital spending, Oncor did not use these savings to defray costs associated with the restructuring.
77. Oncor's restructuring expenses were not incurred in the test year, were not authorized by PURA or a Commission rule or preapproved by the Commission, and the recovery of which were not shown to be essential to its financial integrity.
78. Oncor's restructuring expenses undertaken in 2004 and 2006 to reduce labor and related costs in the amount of \$20,274,840 are not regulatory assets and should not be included in Oncor's rate base.
79. Oncor's request to include in its rate base as regulatory assets \$46,975,122 for deferred pension costs and \$37,906,425 for deferred OPEB costs was reasonable and should be adopted.
80. Oncor properly included \$50,809,942 as the cost of materials and supplies in its rate base.
81. Oncor's prepayments of \$79,974,656 were reasonable and should be included in its rate base.

Return on Equity and Capital Structure

82. A return of equity of 10.25% will allow Oncor a reasonable opportunity to earn a reasonable return on its capital investment.
83. Oncor's energy conservation efforts, the quality of its services, the efficiency of its operations, and the quality of its management support a 10.25% return on equity.
84. A reasonable application of the discounted case flow model, capital asset pricing model, risk premium study, and comparable earnings study support a return on equity of 10.25%.
85. A 10.25% return on equity is consistent with the level of financial risk associated with Oncor's capital structure.
86. Oncor's revised cost of debt, 6.97%, is reasonable.
87. The appropriate capital structure for Oncor is 60% long-term debt and 40% common equity.
88. Oncor has used this capital structure since 2002.
89. The capital structure of 60% and 40% is consistent with Commission precedent for T&D utilities.
90. Oncor's overall rate of return is as follows:

| COMPONENT | CAPITAL STRUCTURE | COST OF CAPITAL | WEIGHTED AVG COST OF CAPITAL |
|------------------------------|------------------------------|----------------------------|---|
| LONG-TERM CAPITAL | 60.00% | 6.97% | 4.18% |
| COMMON EQUITY | 40.00% | 10.25% | 4.10% |
| TOTAL | 100.00% | | 8.28% |

Cost of Service

91. Oncor included in its cost of service \$19,573,479 for incentive compensation paid to its employees in the test year.

92. Incentive compensation based on financial measures or goals is of more immediate benefit to shareholders.
93. Of the amount Oncor requested for incentive compensation, \$5,082,326 should be removed because it is related to financial measures that are unreasonable and unnecessary for the provision of T&D utility services.
94. Oncor reasonably calculated overtime expenses for the test year that are representative of its current and future work demands.
95. Oncor's one-time allocation of the pension and OPEB obligations, assets, and liabilities to comply with PURA § 36.065 were reasonable.
96. Oncor's FAS 87 pension costs for its qualified plan in the amount of \$21,072,201 and for its nonqualified in the amount of \$4,185,542 were reasonable and necessary.
97. Oncor's FAS 106 OPEB costs of \$40,964,443 were reasonable and necessary.
98. Oncor's self-insurance plan with its threshold levels is in the public interest, is a lower cost alternative to purchasing commercial insurance, and provides its ratepayers the benefit of the savings.
99. In computing rates, liability insurance for self-insured utilities does not include liability coverage for intentional torts or for employee misconduct such as discrimination.
100. A liability and catastrophic property damage loss self-insurance program with an annual accrual of \$ 33,284,430.45 and a target reserve of \$66,568,860.90 is in the public interest.
101. The annual amortization figure calculated to cover Oncor's self-insurance reserve deficit over the next seven years is \$20,417,612.29.
102. Oncor's affiliate entities, specifically EFH Corporate Service Company, EFH Properties Company, Luminant Generation Company LLC, Current Communications of Texas, L.P., TXY Energy Retail Company LLC, TXU Receivable Company, EFH Vermont Insurance Company, and EFH CG Holdings Company L.P., provided services to Oncor during the test year.

103. After adjustments agreed to during the hearing, Oncor requested affiliate-related O&M expenses of \$21,734,501.
104. Oncor's affiliate-related expenses should be reduced by an additional \$2,008,538, leaving remaining expenses of \$19,725,963.
105. Oncor's affiliate-related O&M expenses of \$19,725,923 were reasonable and necessary and were not higher than charges to a third party or other affiliate for the same class of items.
106. During the test year, Oncor outsourced several business functions to Capgemini Energy LP (CGE) including information technology, customer care, revenue management, supply chain, finance and accounting, and human resources.
107. Oncor's contract with CGE used a combination of fixed and variable pricing, with the fixed pricing, called "Base Charge" being used for a predetermined scope and volume of services called the "In-Scope Baseline Services."
108. For services provided beyond the in-scope baseline services, Oncor paid CGE additional fees in the form of additional resource charges (ARCs) and project charges. If Oncor used fewer in-scope services than the baseline, it received a credit in the form of reduced resource credits (RRCs).
109. Oncor requested recovery of \$88,468,803 in the test year for CGE costs.
110. During the test year Oncor terminated its contract with CGE because Oncor was dissatisfied with that relationship and entered into a termination agreement.
111. DELETED.
- 111A. The total disputed ARC and project charges for the test year were \$1,433,094.47. These charges should be disallowed making \$87,035,705.53 the reasonable amount of outsourced expenses for 2007.
112. DELETED.
- 112A. It is reasonable for Oncor's cost of service to include \$53,578,615 in energy-efficiency expenses for the test year.

113. Oncor's and its predecessors' depreciation rates have not been changed in 15 years.
114. The net salvage component for Oncor's transmission assets has remained unchanged for 15 years.
115. Except to the extent set forth in the findings of fact below, Oncor's depreciation analysis was the most thorough and reliable.
116. Oncor's proposed service lives are reasonable and should be used to set depreciation rates, except as set forth in the findings of fact below.
117. Oncor's land rights and easements associated with transmission lines and transmission substations (FERC Account 350) have an average service life of 100 years, not the 70 years proposed by Oncor.
118. The average service life for Oncor's distribution substations (FERC Account 362) is 50 years as recommended by Commission Staff, not the 48 years proposed by Oncor.
119. The average service life of Oncor's distribution poles, towers, and fixtures (FERC Account 364) is 41 years as proposed by ATOC, not the 38 years proposed by Oncor.
120. Net salvage value is the amount received for retired property (salvage) minus the cost to remove and sell the property.
121. Oncor's proposed net salvage values are reasonable and should be used to set depreciation rates, except as set forth below.
122. The net salvage value of negative 33% for Oncor's T&D Structures and Equipment (FERC account 352/361) is the most reasonable of those proposed and should be adopted.
123. The net salvage value of a negative 34% for Oncor's Transmission Towers and Fixtures (FERC account 354) is the most reasonable and should be adopted.
124. DELETED.
- 124A. The net salvage value of negative 54% for Oncor's distribution overhead conductor (FERC account 365) is reasonable and should be adopted.

125. The net salvage value of negative 50% for Oncor's distribution underground conduit (FERC account 366) is reasonable and should be adopted.
126. The net salvage value of negative 5% for Oncor's distribution underground conductor (FERC account 367) is reasonable and should be adopted.
127. The prudent portion of Oncor's meter investment should be depreciated over an 11-year period.
128. DELETED.
- 128A. Oncor is not currently a member of an affiliated group eligible to file a consolidated federal income tax return.
- 128B. Oncor is a ring-fenced utility that has entered into a tax sharing agreement with EFH and its affiliates that requires Oncor to function as a stand-alone company.
- 128C. The Commission has neither addressed nor approved the tax-sharing agreement Oncor entered into with EFH and its affiliates.
- 128D. It is appropriate to treat Oncor as a stand-alone, conventional corporation for the purpose of determining its tax expenses.
- 128E. It is appropriate to determine Oncor's federal income tax expense included in its revenue requirement as if it were a stand-alone, conventional corporation.
- 128F. The Commission is not determining Oncor's federal income tax expense on the basis of its tax-sharing agreement with EFH.
129. DELETED.
130. DELETED.
131. Ad valorem property taxes as proposed by Oncor are reasonable and necessary expenses.
132. DELETED.
- 132A. Texas gross margin taxes in the amount of \$17,338,957 are reasonable and necessary expenses.
133. DELETED.

- 133A. Municipal franchise fees in the amount of 241,841,439 are reasonable and necessary expenses.
134. DELETED.
- 134A. Payroll taxes in the amount of \$11,458,074 are reasonable and necessary expenses.
135. Under the Advanced Metering System (AMS) deployment plan approved in Oncor Electric Delivery Company LLC's Request for Approval of Advanced Metering System (AMS) Deployment Plan and Request for AMS Surcharge, Docket No. 35718 (August 29, 2008), Oncor is scheduled to replace virtually all its existing conventional and automated meters with advanced digital meters by the end of 2012.
136. The AMS surcharge proceeding was conducted in accordance with P.U.C SUBST. R. 25.130, which was adopted effective May 30, 2007.
137. Some form of automated metering has been available for twenty years or so. In 2004, however, Oncor began an initiative to replace its existing conventional meters with automated meters.
138. To implement its goal, Oncor chose three kinds of meters and associated infrastructures: powerline carrier (PLC), broadband over powerline (BPL), and radio frequency (RF). PLC meters have been deployed in some of Oncor's less densely populated service areas; BPL meters have been deployed in some more densely populated service areas. RF meters had not yet been deployed at the end of the test year.
139. Oncor has about 590,000 automated meters currently operating on its system. The Company also has many conventional meters still in place.
140. The Commission initiated its advanced metering rulemaking on July 26, 2005. The first workshop took place in September 2005 and a second in October 2005, with the Commission soliciting written comments to its questions on advanced metering on December 21, 2005.
141. DELETED.

- 141A. The AMS rule contains a waiver provision in § 25.130(g)(1)(C), which encompasses those PLC and BPL meters installed by Oncor that did not meet all of the functionality requirements.
142. In May 2007, after adoption of the final AMS rule, Oncor ceased purchasing PLC and BPL meters and canceled a pending order for BPL meters.
143. The advanced meters are significantly technologically superior to the automated BPL meters, and presumably to the PLC meters as well.
144. DELETED.
145. DELETED.
146. Oncor intended to avail itself of the AMS rule's surcharge provisions, as shown by its participation throughout the rulemaking process.
147. DELETED.
148. A prudent manager would not necessarily have ceased the automated metering program after the September 2005 workshop.
149. DELETED.
150. DELETED.
151. DELETED.
152. DELETED.
153. DELETED.
- 153A. Oncor's automated meter investment should be allowed.
- 153B. Oncor had significant encouragement from the Commission to deploy both PLC and BPL meters.
154. Oncor's payment of \$632,088 in cost paid to original-jurisdiction cities to reimburse them for their costs in appearing before the Commission and ERCOT in various regulatory matters are not reasonable and necessary operating expenses and cannot be recovered from ratepayers.

Cost Allocation and Rate Design

155. DELETED.

155A. Oncor's proposed creation of a primary substation rate class consists of customers that provide their own distribution wires service.

156. DELETED.

156A. It is reasonable to establish the primary substation rate class for customers that take service directly out of a substation.

157. DELETED.

157A. Primary substation rate class service is designed to impose the cost that this rate class imposes on the system.

158. DELETED.

158A. Distribution customers should be permitted to avoid some distribution costs they do not impose on the system because these customers' hook up to the distribution system is at the substation.

159. DELETED.

159A. The ownership of private distribution lines distinguishes a primary substation rate class customer from a primary or secondary distribution customer.

160. DELETED.

160A. A primary substation rate class customer does not own the initial transformation equipment located at the substation that transforms electricity from transmission voltage to a distribution voltage.

160B. Oncor's proposed addition of a primary substation rate class is reasonable and is approved.

161. For wholesale points of delivery (PODs) at a distribution substation, known as transformation service, Oncor offers Rate XFMR. For wholesale PODs on a distribution feeder line, known as distribution line service, Oncor offers Rate DLS.

162. In its cost-of-service study, Oncor allocated distribution costs to its wholesale customers based on system average costs, including the costs of its retail distribution system.
163. Oncor's cost-of-service study yielded increases of 88.66% for Rate XFMR and 147.37% for Rate DLS at Oncor's proposed rate increase level.
164. Oncor proposed to cap those increases at 50% for each class to mitigate rate shock, and to distribute the missing revenues among the other customer classes, except for its proposed primary substation class.
165. In Texas Utilities Electric Company Filing In Compliance With Subst. R. 23.67, Docket No. 15638 (Aug. 20, 1997), the Commission approved rates for Tex-La that was based on direct assignment.
166. In Docket No. 15638, the Commission concluded that direct assignment for the wholesale classes produced rates that were not unreasonably preferential, prejudicial, or discriminatory and that did not violate the principle of comparability.
167. In Docket No. 15638, the Commission stated that wholesale rates, however they are calculated, should not include costs that are strictly for providing retail service.
168. The facilities and costs for providing transformation service are the same, regardless of whether the customer is a wholesale or a retail customer.
169. Differences between wholesale and retail customers, including the wholesale customers' requirement to provide their own distribution facilities and the requirements for fair competition between the wholesale customers and Oncor, justify different treatment for those customers.
170. Although direct assignment would clearly be more difficult than the use of system-average costs, those difficulties are not particularly onerous or insurmountable.
171. Although Oncor's accounting system cannot identify the precise cost of individual items, such as individual poles, to perform a direct assignment study, Oncor can apply average costs to particular sections or components of its system.

172. In general, Oncor's backstanding capability, at least for Tex-La, does not consist of looped feeder lines, but of redundant transformers at substations providing the wholesale service.
173. DELETED.
- 173A. Direct assignment of costs may be considered for wholesale rate classes.
174. DELETED.
- 174A. Oncor should be ordered to maintain data adequate for the direct assignment of costs to those wholesale classes and to prepare a direct assignment study for those classes for consideration in a future project to evaluate whether direct assignment should be used for allocating costs to the wholesale classes of customers or for consideration in Oncor's next rate proceeding.
175. The evidence in this case is inadequate to set rates based on direct assignment.
176. Rate XFMR and Rate DLS should be allocated the system-average rate increase in this case.
177. Oncor's calculation of its transmission rate based on the average of ERCOT coincident peak demand for the months of June, July, August, and September (4CP) is reasonable and should be approved.
178. Accounts 364 through 368 should be allocated based on class non-coincident peak (NCP) demand.
179. The costs of major account representatives should not be directly assigned.
180. Costs associated with economic development should be allocated using the customer allocation factor as proposed by Oncor.
181. Oncor's proposed allocation of rental revenues should be used in this proceeding.
182. Oncor should reallocate rental revenues according to their sources in the cost-of-service study in its next rate proceeding.

183. Oncor requested a weather normalization adjustment to adjust kilowatt-hour sales, class demands, and the associated revenue for those classes whose electricity usage was affected by abnormal weather conditions.
184. Oncor properly relied on its hourly weather information to determine the minimum and maximum temperatures of the day.
185. Oncor properly applied the adjustments to classes affected by the abnormal weather conditions. Oncor's weather normalization adjustments should be adopted without change.
186. Power factor is the ratio between the amount of energy supplied (kVA) and the actual amount of energy used (kW) to measure the amount of wasted energy.
187. Commercial/industrial customers that fail to improve their power factors to 95% within a reasonable period of time are charged for additional billing demands in accordance with *Application Of TXU Electric Company For Approval Of Unbundled Cost Of Service Rate Pursuant To PURA § 39.201 and Public Utility Commission Substantive Rule § 25.344, Docket No. 22350 (Oct. 4, 2001)*.
188. Oncor has experienced a decrease in billing demands as a result of customers' actions to improve their power factor that should be reflected in the ratemaking through the proposed adjustment to avoid overstated revenues.
189. Demand ratchets have a substantial impact on the rates paid by customers with a maximum annual demand load of 20 kW or less (low loads) despite their having little ability to manage their energy consumption.
190. Oncor's proposal to waive the demand ratchet provisions for customers with maximum annual demand load of 20 kW or less is reasonable and should be adopted because low load customers, such as youth sports associations, non-profit organizations, churches, and small business owners, usually use electricity during off-peak hours and weekends and on a seasonal basis.

191. Oncor's proposal to waive the demand ratchet provisions for all municipally-owned loads should not be adopted because it is unreasonably preferential and is not based on usage but is instead based solely on the identity of one group, municipalities.
192. The lighting class is unique in the combination of the public good it performs and its demand characteristics.
193. Oncor's proposal to limit a rate increase to the unmetered lighting service to 10% is reasonable and in the best interest of the public and should be approved.
194. Oncor's proposed franchise fee cost recovery factor rider (FFCRF) allows Oncor recovery of any incremental costs for increases to a specific municipality's franchise fee rate directly from the customers in that municipality every time a city raises its franchise fees.
195. Oncor's proposed Rider FFCRF should be rejected because it will create confusion with potentially over 100 different rates, is contrary to the Commission's policy to maintain uniform and simple rates, and discourages competition.
196. Oncor's proposed underground facilities cost recovery factor rider (UFCRF) allows Oncor to recover the increased costs associated with installing underground facilities directly from the city's customers.
197. Oncor's proposed Rider UFCRF should be rejected because it is inconsistent with the Commission's policy to maintain uniform, simple rates, and allows cities to allocate costs rather than the Commission.
198. Oncor proposed street light maintenance cost recovery factor rider (SLM) allows a city to pay for non-standard light maintenance services through a charge on customers within the city requesting this service.
199. Cities have the right to request non-standard light maintenance service through Oncor's discretionary charges.

200. Rider SLM creates non-uniform rates and allows Oncor to charge customers the cost of non-standard light maintenance performed in cities within its service territory, and therefore should be rejected.
201. Oncor requests approval of an energy-efficiency cost recovery factor rider (EECRF) to recover the costs of its 2009 energy-efficiency programs through a monthly customer charge on a per customer per class basis.
202. Rider EECRF is designed on the basis of cost causation because each class is allocated energy-efficiency costs for the benefits it receives, and these costs are uniformly imposed on the customers within that class.
203. Oncor's energy-efficiency program costs are recovered and adjusted annually and do not vary by energy usage or other variables.
204. Oncor's proposed Rider EECRF allows Oncor to recover all of its energy-efficiency program costs in a timely manner in conformance with the Commission rules that allow a utility to recover its energy-efficiency costs through a monthly customers charge, and should be approved.
205. Considering the Commission's January 30, 2009 order in this case regarding the motion for partial summary judgment, Oncor should not be required to continue offering Rider SCUD.
206. Oncor's nuclear decommissioning charge rider (NCF) should not be reallocated.
207. Oncor proposed to continue offering several existing retail discretionary services, with certain modifications and additions, which are billed to the party that incurs the cost.
208. Oncor's proposed discretionary fees are reasonable and should be approved.
209. Several items in Oncor's specific terms and conditions and tariff language required certain changes to clarify the terms, specifically:
 - a. Retail Tariff Section 6.1.2.2.4, should include the revised sentence:

Company may, at its option and at its expense, relocate any Company-owned or non-Company-owned Meter.

b. Retail Tariff Sections 6.1.2.2.7 should be modified to read:

If Retail Customer desires Delivery System service that involves non-standard facilities as described in Section 6.1.2.2.1.2 of this Tariff, Retail Customer pays Company prior to Company's construction of non-standard facilities the total estimated cost of all non-standard facilities less the cost of standard facilities to meet Retail Customer's request.

210. No changes should be made to Section 4.5.7 of the Tariff for Transmission Service.

211. Commission Staff's recommended changes to Oncor's proposed Tariff for Retail Delivery Service and the Pro-forma Tariff for Retail Delivery Service should be approved.

IV. CONCLUSIONS OF LAW

1. Oncor is an electric utility as defined by PURA § 31.002, and, therefore, it is subject to the Commission's jurisdiction under PURA §§ 14.001, 32.001, 33.001, 33.002, 33.051, 35.004, and 36.102.
2. Oncor is a T&D utility as defined in PURA § 31.002(19).
3. SOAH has jurisdiction over all matters relating to the conduct of the hearing in this case, including the preparation of a Proposal for Decision, pursuant to PURA § 14.053 and TEX. GOV'T CODE ANN. § 2003.049(b).
4. Oncor has the burden of proving that the rate change it is requesting is just and reasonable pursuant to PURA § 36.006.
5. Oncor provided adequate notice of this proceeding in compliance with P.U.C. PROC. R. 22.51.
6. Pursuant to PURA § 33.001, each municipality in Oncor's service area that has not ceded jurisdiction to the Commission has jurisdiction over the Company's application, which seeks to change rates for distribution services within each municipality.

7. The Commission has jurisdiction over an appeal from a municipality's rate proceeding pursuant to PURA § 33.051.
8. The effective date of the change in rates approved in this case was extended to be consistent with P.U.C. SUBST. R. 25.241(i) and by agreement of Oncor, consistent with P.U.C. PROC. R. 22.33(c).
9. Oncor's overall revenues approved in this proceeding permit Oncor a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses in compliance with PURA § 36.052.
10. The rates approved in this proceeding are based on original cost, less depreciation, of property used and useful to Oncor in providing service, consistent with PURA § 36.053.
11. The ADFIT adjustments approved in this proceeding are consistent with PURA § 36.059 and P.U.C. SUBST. R. 25.231(c)(2)(C)(i).
12. PURA § 36.065(a) provides that electric utility rates shall include "expenses for pensions and other postemployment benefits, as determined by actuarial or other similar studies in accordance with generally accepted accounting principles, in an amount the regulatory authority finds reasonable."
13. Oncor's requested ADFIT asset for its pension plan, OPEBs and FAS 112 ADFIT liabilities were properly included in its rate base is in accordance with PURA § 36.065.
14. Including the cash working capital (CWC) approved in this proceeding within Oncor's rate base is consistent with P.U.C. SUBST. R. 25.231(c)(2)(B)(iii)(IV) which allows a reasonable allowance for CWC be included in the rate base.
15. The return on equity and overall rate of return authorized in this proceeding are consistent with the requirements of PURA §§ 36.051 and 36.052.
16. The affiliate expenses approved in this proceeding and included in Oncor's rates are consistent with the requirements of PURA § 36.058.

17. PURA § 36.064 permits a utility to self-insure against “potential liability or catastrophic property loss, including windstorm, fire, and explosion losses, that could not have been reasonably anticipated and included under operating and maintenance expenses.” The Commission shall approve a self-insurance plan under that section if it finds the coverage is in the public interest, the plan, considering all of its costs, is a lower cost alternative to purchasing commercial insurance, and ratepayers receive the benefits of the savings.
18. Oncor’s liability or catastrophic property loss self-insurance program as modified and approved is in accordance with PURA § 36.064 and P.U.C. SUBST. R. 25.231(b)(1)(G).
19. DELETED.
- 19A. PURA § 36.060 does not apply to Oncor as it is not currently a member of an affiliated group eligible to file a consolidated tax return.
- 19B. As a ring-fenced utility, Oncor’s fair share of the tax savings is \$0.
- 19C. Even though Oncor is a pass-through entity and not liable for federal income taxes, the Commission is required to include an amount for such taxes in its cost of service. *Suburban Utility Corp. v. Public Utility Commission*, 652 S.W.2d 358, 364 (Tex. 1983).
- 19D. Establishing Oncor’s federal income tax expense as if it were a stand-alone, conventional corporation will result in rates that are just and reasonable.
20. Oncor’s proposed energy-efficiency expenses and programs comply with PURA § 39.905.
21. DELETED.
- 21A. Oncor’s purchase of automated meters after December 2005 met the prudence standard set out in *Application of Gulf States Utilities for Authority to Change Rates*, Docket No. 6525 (Oct. 15, 1986).
22. Direct assignment of costs to Oncor’s wholesale classes is consistent with PURA § 36.003(b), other sections of PURA, and the Commission’s Substantive Rules.
23. Oncor’s rates, as approved in this proceeding, are just and reasonable in accordance with PURA § 36.003.

V. ORDERING PARAGRAPHS

1. The Proposal for Decision prepared by the SOAH ALJs is adopted to the extent consistent with this Order.
2. Oncor's application is granted to the extent provided in this Order.
3. Oncor shall file tariffs consistent with this Order in *Compliance Tariff Pursuant to Final Order in PUC Docket No. 35717 (Application of Oncor Electric Delivery Company, LLC for Authority to Change Rates)*, Docket No. 37677 within 20 days of the date of this Order. No later than 10 days after the date of the tariff filings, Commission Staff shall file its comments recommending approval, modification, or rejection of the individual sheets of the tariff proposal. Responses to the Commission Staff's recommendation shall be filed no later than 15 days after the filing of the tariff. The Commission shall by letter approve, modify, or reject each tariff sheet, effective the date of the letter.
4. The tariff sheets shall be deemed approved and shall become effective upon the expiration of 20 days from the date of filing, in the absence of written notification of modification or rejection by the Commission. If any sheets are modified or rejected, Oncor shall file proposed revisions of those sheets in accordance with the Commission's letter within 10 days of the date of that letter, and the review procedure set out above shall apply to the revised sheets.
5. Copies of all tariff-related filings shall be served on all parties of record.
6. Oncor shall perform a direct assignment study for the wholesale classes and provide that study to the Commission in at future project to evaluate direct assignment of costs for wholesale classes or for consideration to assign wholesale costs according to that study in its next rate proceeding.
7. Oncor shall allocate revenues from rentals according to their sources in the cost-of-service study in its next rate proceeding.
8. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted, are denied.

SIGNED AT AUSTIN, TEXAS the _____ day of November 2009.

PUBLIC UTILITY COMMISSION OF TEXAS

BARRY T. SMITHERMAN, CHAIRMAN

I respectfully dissent on the consolidated tax savings adjustment issue, but otherwise join in the Commission's decisions on all other issues.

DONNA L. NELSON, COMMISSIONER

I respectfully dissent on the automated meter recovery issue and the creation of a primary substation rate class issue, but otherwise join in the Commission's decisions on all other issues.

KENNETH W. ANDERSON, JR., COMMISSIONER

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Nick O. Rowe

Question 4:

- 1) Provide tiered or conservation tariffs from Eastern Division jurisdictions
- 2) Provide orders from Eastern Division jurisdictions addressing tiered or conservation rates.

Response:

The following is a review of the most current tariff designs indicating if conservation rates are being utilized by the Eastern Division.

- A.) Indiana American – No conservation rates – Declining Rate Block Design Tariff
- B.) Maryland American – No conservation rates – Single Rate Block Design Tariff
- C.) Ohio American – No conservation rates – Declining Rate Block Design Tariff
- D.) Tennessee American – No conservation rates – Declining Rate Block Design Tariff
- E.) Virginia American – No conservation rates – Declining Rate Block Design Tariff
- F.) West Virginia American – No conservation rates - Declining Rate Block Design Tariff
- G.) New Jersey American – No conservation rates - Single Rate Block Design Tariff
- H.) Pennsylvania American – No conservation rates – Both Single Rate Block Design Tariff & Declining Rate Block Design Tariff
- I.) Long Island Water – Yes conservation rates are being utilized. The company's tariff is based upon a declining rate block design although for the months from May through September the rates are higher. See the attached tariff.

After a reasonable review of recent Eastern Division orders, the Company has been unable to locate any that address tiered or conservation rates for American Water operating subsidiaries. Of course, Community Action Council may review the same orders and more historical orders which are publicly available at the regulatory commissions in the Eastern Division.

For the electronic version, refer to KAW_R_PSCHDR1#4_082010.pdf.

PSC No. 5

WATER

Original Leaf: No.

LONG ISLAND WATER CORPORATION

Seventeenth

Revised Leaf No. 68

d/b/a/ LONG ISLAND AMERICAN WATER

Superseding Sixteenth

Leaf No. 68

f/k/a LONG ISLAND WATER CORPORATION

SERVICE CLASSIFICATION NO. 1

VIII RATES AND CHARGES

Applicable to the Use of Service for: General Water Service – Residential

Character of Service: Continuous

Rates:

Meters Read and Billed Monthly

Summer

May 1 through September 30

First 5,000 gal.

\$3.5046 per 1000 gal.

Over 5,000 gal.

4.3838 per 1000 gal.

Winter

October 1 through April 30

All consumption

\$3.5046 per 1000 gal.

The allowed water quantities in the first block will be prorated on a daily basis.

Customer Service Charge

Meter Size

Monthly

5/8"

\$ 9.39

3/4"

10.72

1"

12.76

1 1/2"

24.83

2"

27.87

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis.

Terms of Payment: Net Cash. A late payment charge of 1 1/4% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008

Date effective April 1, 2010

Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

PSC No. 5 WATER

Original Leaf: No.

LONG ISLAND WATER CORPORATION Seventeenth Revised Leaf No. 69d/b/a/ LONG ISLAND AMERICAN WATER Superseding Sixteenth Leaf No. 69f/k/a LONG ISLAND WATER CORPORATION

SERVICE CLASSIFICATION NO. 1A

Applicable to the Use of Service for: General Water Service – Commercial & Industrial

Character of Service: Continuous

Rates: Meters Read and Billed MonthlySummer

May 1 through September 30

First 34,000 gal.

\$4.3838 per 1000 gal.

Over 34,000 gal.

3.5046 per 1000 gal.

Winter

October 1 through April 30

First 34,000 gal.

\$3.5046 per 1000 gal.

Over 34,000 gal.

2.9221 per 1000 gal.

Customer Service Charge

| <u>Meter Size</u> | <u>Monthly</u> |
|-------------------|----------------|
| 5/8" | \$ 9.39 |
| 3/4" | 10.72 |
| 1" | 12.76 |
| 1 1/2" | 24.83 |
| 2" | 27.87 |
| 3" | 60.82 |
| Compound 3" | 95.56 |
| Compound 4" | 108.86 |
| Compound 6" | 108.57 |
| Compound 8" | 146.76 |
| 5/8" & 2" | 29.33 |
| 1" & 1 1/2" | 30.41 |
| 1 1/2" & 1 1/2" | 37.61 |
| 1 1/2" & 2" | 40.65 |
| 2" & 2" | 43.69 |
| 3" & 3" | 169.67 |
| 4" & 4" | 196.23 |

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis.

Terms of Payment: Net Cash. A late payment charge of 1 1/4% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Service may be discontinued on 48 hours notice to the Corporation.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008Date effective April 1, 2010Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

PSC No. 5 WATER

LONG ISLAND WATER CORPORATION Fifteenth Original Leaf: No.
d/b/a LONG ISLAND AMERICAN WATER Superseding Fourteenth Revised Leaf No. 70
f/k/a LONG ISLAND WATER CORPORATION Leaf No. 70

SERVICE CLASSIFICATION NO. 2

Applicable to the Use of Service for:

Private Fire Hydrant Service when the existing facilities (mains, etc.) of the Company are adequate for supply, and where the hydrant is to be used for fire purposes only.

Character of Service:

Continuous

Rate: \$656.38 per hydrant per year

Terms of Payment:

Upon acceptance of customer's application for service, a sum of \$656.38 is to be paid covering the first year of service, and thereafter \$656.38 is to be paid annually in advance.

A late payment charge of 1 ¼% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

Five years minimum, thereafter until cancelled by 60 days written notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008Date effective April 1, 2010Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

PSC No. 5 WATER

Original Leaf: No. _____

LONG ISLAND WATER CORPORATION Nineteenth Revised Leaf No. 71d/b/a/ LONG ISLAND AMERICAN WATER Superseding Eighteenth Leaf No. 71f/k/a LONG ISLAND WATER CORPORATION

SERVICE CLASSIFICATION NO. 3

Applicable to the Use of Service for: Lawn Sprinkler Service

- A. Lawn Sprinkler Systems supplied by an existing service line installed prior to March 15, 1947 which supplies both lawn sprinkling systems and general service.
- B. Lawn Sprinkler Systems installed on or after March 15, 1947.

Character of Service: Seasonal (May 1st through October 31st)

See Section VII for Lawn Sprinkler responsibility and details.

Rates: Metered

For all quantities used in each season, the following rate applies: \$4.3838 per 1,000 gallons.

Customer Service ChargeSeason: May 1st to October

| <u>31st</u> <u>Meter Size</u> | <u>Per Season</u> |
|---|-------------------|
| 1" | \$138.83 |
| 1½" | 245.60 |
| 2" | 282.11 |

TERMS OF PAYMENT:

New Service: Service construction costs, inspection fee and non-refundable Customer Service Charge are payable upon acceptance of Application for Service. If a new service is installed during the season, the Customer Service Charge will be applied on a prorated basis. Thereafter, the Customer Service Charge is payable in advance before service is connected for the season.

Existing Services: A Customer Service Charge is payable in advance before service is connected for the season. The Customer Service Charge shall be prorated for customers not taking lawn sprinkler service for the entire season. Whenever a customer has been found to have activated their lawn sprinkler service without having paid the appropriate Customer Service Charge in advance, the Customer Service Charge will be retroactive to May 1st.

Charge for water consumed is payable upon presentation of bill. A late payment charge of 1¼% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Meters may be read monthly, quarterly or seasonally at the option of the Corporation.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008Date effective April 1, 2010Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

PSC No. 5 WATER

LONG ISLAND WATER CORPORATION Original Leaf: No.
d/b/a LONG ISLAND AMERICAN WATER Fifteenth Revised Leaf No. 72
f/k/a LONG ISLAND WATER CORPORATION Superseding Fourteenth Leaf No. 72

SERVICE CLASSIFICATION NO. 4

Applicable to the Use of Service for:

Public Fire Protection

Character of Service:

Continuous

Rate:

Public Fire Hydrants \$656.38 per hydrant per year

Minimum Charge:

None

Terms of Payment:

In arrears, monthly or quarterly, at the option of the Corporation. If hydrants are installed within the billing period, the charges will be prorated. A late payment of 1¼% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

One year and to continue from year to year thereafter, unless terminated by thirty days notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008

Date effective April 1, 2010

Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

PSC No. 5 WATER

Original Leaf No. _____

LONG ISLAND WATER CORPORATION Fifteenth Revised Leaf No. 73
d/b/a LONG ISLAND AMERICAN WATER Superseding Fourteenth Leaf No. 73
f/k/a LONG ISLAND WATER CORPORATION

SERVICE CLASSIFICATION NO. 5

Applicable to the Use of Service for:

Construction and other purposes when the supply of water is not metered.

Character of service: Continuous

1 - Water used in constructing one or two story dwellings:

| <u>Frame</u> | Unit | Rate |
|---|----------------|----------|
| Frame and half stucco | Each Structure | \$72.71 |
| All stucco, cement or cinder block, hollow tile, brick veneer or various combinations | Each Structure | 96.94 |
| Brick | Each Structure | \$121.18 |
| | Each Structure | 145.40 |

2 - Structures other than dwellings

| | | |
|------------------------------|------------------------|--------|
| Concrete, stone, terra cotta | Per cu. yd. of masonry | \$0.82 |
| Other masonry | Per 1,000 bricks | 1.54 |
| Brick | | |

3 - Road Construction

| | | |
|----------------------------------|-----------------|--------|
| Concrete, macadam or other roads | Per 100 sq. ft. | \$2.83 |
| Sidewalk | Per 100 sq. ft. | 2.83 |
| Curbing | Per 100 sq. ft. | 3.02 |

4 - Flooding Ditches

Ditch 2 ft by 3 ft - \$15.22 per 100 lineal feet
 (Proportionate charges for excess of above)

5 - Jetting Planks

Minimum rate - \$16.04 for four or less planks
 First four planks \$16.04, thereafter \$1.13

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008Date effective April 1, 2010Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

PSC No. 5 WATER

LONG ISLAND WATER CORPORATION Original Leaf: No.
d/b/a LONG ISLAND AMERICAN WATER Fifteenth Revised Leaf No. 75
f/k/a LONG ISLAND WATER CORPORATION Superseding Fourteenth Leaf No. 75

SERVICE CLASSIFICATION NO. 6

Applicable to the Use of Service for:

Private Fire Protection – Risers for hose connections and/or sprinkler heads.

Character of Service: Continuous

Rate: Flat

| | |
|---|-------------------------|
| Through 2" fire service connection or less | \$ 39.66 per quarter |
| Through 3" fire service connection or less | \$ 99.14 per quarter |
| Through 4" fire service connection or less | \$ 198.31 per quarter |
| Through 6" fire service connection or less | \$ 396.63 per quarter |
| Through 8" fire service connection or less | \$ 793.19 per quarter |
| Through 10" fire service connection or less | \$ 1,586.47 per quarter |
| Through 12" fire service connection or less | \$ 3,172.95 per quarter |
| Through 16" fire service connection or less | \$ 6,345.89 per quarter |

Minimum Charge: As above

Terms of Payment: Quarterly in advance. A late payment charge of 1 ¼% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Agreement effective for a term of not less than one year. Service may be discontinued after one year upon ten (10) days prior notice to the Corporation.

Special Provisions:

- (a) Each fire service installation is to be used solely and exclusively for fire protection. Water for any other purpose shall not be drawn from a private fire service connection, except that the Corporation will permit the use of water for test purposes upon three (3) days prior notification to the Corporation. The use of water in violation of the terms of this provision shall result in cancellation of service under this classification, whereupon the customer shall be rendered service under General Water Service Classification No. 1 and shall pay the rates set forth therein.
- (b) The Corporation reserves the right to install a meter at any time.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Date of issue March 30, 2008

Date effective April 1, 2010

Issued by: William Varley, President, 733 Sunrise Highway, Lynbrook,, NY

Issued under the authority of Public Service Commission Order in Case 07-W-0508 dated March 5, 2008.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: **Nick O. Rowe**

Question 5:

Provide a copy of the correspondence recently sent to Winchester regarding its participation in KRS II.

Response:

Please see the attached documents.

For the electronic version, refer to KAW_R_PSchDR1#5_082010.pdf.



KENTUCKY

AMERICAN WATER

2300 Richmond Road P 859.269.2386
Lexington, KY 40502 F 859.268.6327
www.amwater.com

June 8, 2010

Honorable Ed Burtner
Mayor, City of Winchester
P.O. Box 40
Winchester, KY 40392

Dear Mayor Burtner,

Kentucky American Water (KAW) would like to offer the City of Winchester and Winchester Municipal Utilities (WMU) the following proposal that provides Winchester and WMU with a cost-effective alternative for securing a long-term source of potable drinking water.

As you know, KAW will complete the construction of a new water treatment plant, booster station and transmission pipeline project late this summer. The new plant, known as KRS II, is located on Kentucky River Pool 3 in Owen County.

KAW can expand this new plant with relative ease, and could then have an adequate source of supply to provide Winchester and its citizens with 5.0 MGD of potable drinking water, with an option to negotiate additional available capacity. In addition to the capital already invested in the new water treatment plant, booster station and pipeline project, KAW would agree to make an additional capital investment to increase the new plant's total capacity by 5.0 MGD and to construct an interconnector that would transfer the water from the KAW distribution system to Winchester's distribution system. We estimate the capital cost will be approximately \$43 million.

This proposal, including the rate, terms and capacity, is based upon 5.0 MGD. Any additional available capacity requested under the terms of this agreement will be established through further negotiations of capacity minimums, average daily use, and adjustments in the rate per 1,000 gallons.

This offer is based upon a forty-year (40-yr) contract period to more readily enable a comparison to a stand-alone Winchester water treatment plant. The projected time to complete the interconnector would be 180 days after the take-or-pay agreement is signed by both parties and approved by the Kentucky Public Service Commission. Once those have been accomplished, the contract period would begin.



The take-or-pay water sale agreement will provide a guaranteed source of water to Winchester not to exceed 5.0 MGD, with an estimated initial rate of \$3.48 per 1,000 gallons during the first twelve (12) months of the contract. This estimate is based on current best estimates, with no contingencies included. KAW envisions a contract that will include three distinct components: a fixed annual capital charge, a fixed annual O&M cost charge, and a variable production cost charge.

1. The fixed annual capital charge would be based on Winchester's pro rata share of the actual cost of the KRS II treatment plant, booster station and transmission pipeline project (5/25ths) and full cost of the interconnection between the Winchester and KAW systems ("Capital Project"). This cost would be determined each year by applying the pre-tax overall cost of capital approved by the Public Service Commission for KAW in each rate case to the actual Capital Project costs. This charge would be relatively flat over the 40-year term (only changing when the PSC authorized a change in KAW's overall cost of capital) and would apply to KAW making available 5.0 MGD capacity at the connection with Winchester and would not vary depending on the actual Winchester purchases up to 5.0 MGD.
2. The fixed O&M annual cost charge would be based on Winchester's pro rata share of the actual annual fixed O&M costs (all O&M costs excluding variable O&M costs for power, treatment chemicals and waste disposal expenses) of the KRS II treatment plant and booster station. Each year KAW would determine its budgeted fixed O&M costs and charge 5/25ths of those costs monthly to the Winchester bill. This charge would apply to KAW making available 5.0 MGD capacity at the connection with Winchester and would not vary depending on the actual Winchester purchases up to 5.0 MGD. In January of each subsequent year, KAW would determine the actual fixed O&M costs for the preceding year and either bill or refund the difference between the budgeted amount of fixed O&M costs billed for the previous year and the actual fixed O&M costs for the previous year.
3. The variable production costs would be determined each month by dividing the power, treatment chemicals, and waste disposal costs for the KRS II treatment plant by the monthly volume of water produced at the KRS II facility. The actual cost per million gallons would then be applied to the actual volume of water purchased by Winchester each month in arriving at the variable production cost component of the monthly bill.

The first year estimated cost of \$3.48 per 1,000 gallons is based on the currently authorized overall cost of capital of KAW as authorized by the PSC, and best current estimates of the fixed and variable O&M costs, without contingencies. These prices would be adjusted to actual costs once those are final. Under the contract, KAW would provide cost certified documents supporting the calculations of the three cost components.



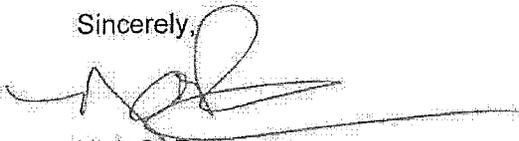
Mayor Ed Burtner
June 8, 2010
Page 3 of 3

KAW does not anticipate special considerations for conservation or demand reductions in the contract. Indeed, due to its downstream location on the Kentucky River, Pool 3 is much more drought-resistant than Pool 10, where Winchester's current plant is located. KAW currently asks its wholesale water customers to follow its demand management plan when implemented for our retail customers, but the new plant addition should ameliorate that risk significantly.

The terms and conditions of this proposal are valid for a period of ninety (90) days from the date of receipt and are subject to either increases or decreases in any of the costs associated with expanding the capacity of KRS II by 5.0 MGD or the costs of constructing the interconnector to Winchester. The estimates of those costs included in the proposals in this letter are based on best current estimates, with no contingencies included. KAW may, at its option, renew and extend the terms and conditions of the proposal if requested to do so by the City of Winchester. This agreement shall not become effective without the approval of the Kentucky Public Service Commission, the City of Winchester, and Winchester Municipal Utilities.

Please contact me at 859-268-6333 at your earliest convenience to discuss the information. We look forward to working with you.

Sincerely,



Nick O. Rowe
SVP, American Water Eastern Division
President, Kentucky American Water

c: Linda Bridwell

Enc: Rate Schedule



Kentucky -American Water Company

City of Winchester Bulk Water Sale

Schedule

| Year | Take-or-Pay ⁽¹⁾ | | Total Revenue | Equivalent Rate/1000g | |
|------|----------------------------|--------------------------|---------------|-----------------------|----------|
| | Capital Investment | O&M Costs ⁽²⁾ | | | |
| | | Fixed (5/25) | | | Variable |
| 1 | 4,789,673 | 470,795 | 1,091,250 | 6,351,718 | 3.48 |
| 2 | 4,789,673 | 480,518 | 1,131,250 | 6,401,440 | 3.51 |
| 3 | 4,789,673 | 490,587 | 1,173,150 | 6,453,410 | 3.54 |
| 4 | 4,789,673 | 501,018 | 1,217,056 | 6,507,746 | 3.57 |
| 5 | 4,789,673 | 511,822 | 1,263,081 | 6,564,575 | 3.60 |
| 6 | 4,789,673 | 523,013 | 1,311,343 | 6,624,029 | 3.63 |
| 7 | 4,789,673 | 534,605 | 1,361,972 | 6,686,250 | 3.66 |
| 8 | 4,789,673 | 546,614 | 1,415,101 | 6,751,387 | 3.70 |
| 9 | 4,789,673 | 559,054 | 1,470,874 | 6,819,600 | 3.74 |
| 10 | 4,789,673 | 571,940 | 1,529,445 | 6,891,058 | 3.78 |
| 11 | 4,789,673 | 585,291 | 1,590,975 | 6,965,938 | 3.82 |
| 12 | 4,789,673 | 599,121 | 1,655,638 | 7,044,432 | 3.86 |
| 13 | 4,789,673 | 613,450 | 1,723,619 | 7,126,741 | 3.91 |
| 14 | 4,789,673 | 628,294 | 1,795,112 | 7,213,079 | 3.95 |
| 15 | 4,789,673 | 643,674 | 1,870,326 | 7,303,673 | 4.00 |
| 16 | 4,789,673 | 659,609 | 1,949,483 | 7,398,765 | 4.05 |
| 17 | 4,789,673 | 676,119 | 2,032,821 | 7,498,612 | 4.11 |
| 18 | 4,789,673 | 693,225 | 2,120,590 | 7,603,487 | 4.17 |
| 19 | 4,789,673 | 710,949 | 2,213,058 | 7,713,680 | 4.23 |
| 20 | 4,789,673 | 729,315 | 2,310,511 | 7,829,499 | 4.29 |
| 21 | 4,789,673 | 748,345 | 2,413,255 | 7,951,272 | 4.36 |
| 22 | 4,789,673 | 768,064 | 2,521,612 | 8,079,348 | 4.43 |
| 23 | 4,789,673 | 788,498 | 2,635,928 | 8,214,098 | 4.50 |
| 24 | 4,789,673 | 809,672 | 2,756,572 | 8,355,917 | 4.58 |
| 25 | 4,789,673 | 831,615 | 2,883,937 | 8,505,225 | 4.66 |
| 26 | 4,789,673 | 854,354 | 3,018,442 | 8,662,468 | 4.75 |
| 27 | 4,789,673 | 877,919 | 3,160,532 | 8,828,124 | 4.84 |
| 28 | 4,789,673 | 902,341 | 3,310,684 | 9,002,697 | 4.93 |
| 29 | 4,789,673 | 927,651 | 3,469,405 | 9,186,729 | 5.03 |
| 30 | 4,789,673 | 953,882 | 3,637,238 | 9,380,793 | 5.14 |
| 31 | 4,789,673 | 981,068 | 3,814,761 | 9,585,501 | 5.25 |
| 32 | 4,789,673 | 1,009,245 | 4,002,588 | 9,801,506 | 5.37 |
| 33 | 4,789,673 | 1,038,449 | 4,201,380 | 10,029,501 | 5.50 |
| 34 | 4,789,673 | 1,068,718 | 4,411,836 | 10,270,227 | 5.63 |
| 35 | 4,789,673 | 1,100,092 | 4,634,707 | 10,524,472 | 5.77 |
| 36 | 4,789,673 | 1,132,612 | 4,870,792 | 10,793,077 | 5.91 |
| 37 | 4,789,673 | 1,166,321 | 5,120,944 | 11,076,938 | 6.07 |
| 38 | 4,789,673 | 1,201,262 | 5,386,075 | 11,377,009 | 6.23 |
| 39 | 4,789,673 | 1,237,481 | 5,667,155 | 11,694,310 | 6.41 |
| 40 | 4,789,673 | 1,275,027 | 5,965,225 | 12,029,925 | 6.59 |

- (1) Take-or-pay consists of (a) return on and of the capital costs allocated directly to Winchester required capacity and (b) 20% or 5/25 of the total annual fixed O&M costs.
- (2) O&M costs will be true-up at end of the year each year to reflect actual cost for the year.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Linda C. Bridwell

Question 6:

Provide when the last demand management plan was filed.

Response:

The last demand management plan was filed June 15, 2001 and accepted by the Kentucky Public Service Commission July 15, 2001.

For the electronic version, refer to KAW_R_PSCHDR1#6_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: **Keith L. Cartier**

Question 7:

Provide a revised calculation of the Company's fuel, power and chemical expenses based upon a non-revenue water calculation of 11.8%.

Response:

The revised calculation of fuel, power and chemical expenses based on a non-revenue water calculation of 11.8% results in a reduction to the fuel and power expense of \$77,996 and a reduction to chemicals expense in the amount of \$43,653. See the attached working papers.

For the electronic version, refer to KAW_R_PSchDR1#7_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
FORECASTED SALES AND SYSTEM DELIVERY
CASE NO: 2010-00036**

| | (CCF) | (000 GAL) | PERCENT | |
|------------------|-------------------|-------------------|----------------|--------|
| FORECASTED SALES | 16,781,883 | 12,586,412 | 88.20% | |
| WATER LOSS | 2663791 | 2,245,195 | 11.80% | 11.80% |
| SYSTEM DELIVERY | <u>19,027,078</u> | <u>14,270,309</u> | <u>100.00%</u> | |
| | 19,513,817 | | | |

| | (000 GAL) FORECASTED | (000 GAL) BUDGET | | | | |
|-------------------------------|-------------------------|---------------------|--------------|-----------------|--------------|----------------|
| CHEMICALS | | | In plant use | | | |
| LOW SERVICE PUMPAGE (RRS) | 4,595,122 | 5,052,984 | KRS | 10044.86 | 2.90% | 291.301 |
| LOW SERVICE PUMPAGE (KRS) | 7,811,004 | 8,589,300 | RRS | 4868.00 | 3.80% | 184.984 |
| LOW SERVICE PUMPAGE (OWENTON) | 273,839 | 301,125 | Pool 3 | 552.00 | 3.50% | 19.320 |
| LOW SERVICE PUMPAGE (POOL 3) | 2,061,264 | 2,265,650 | ND WTP | 273.75 | 10.00% | 27.375 |
| | <u>14,741,229</u> | <u>16,210,059</u> | | <u>15738.61</u> | <u>3.32%</u> | <u>522.980</u> |

| | |
|-------------------------------|-------------------|
| SYSTEM DELIVERY | <u>14,270,309</u> |
| 3.32% FACTOR FOR IN PLANT USE | <u>470,920</u> |
| TOTAL FORECASTED LOW SERVICE | <u>14,741,229</u> |

| | (000 GAL) FORECASTED | (000 GAL) BUDGET |
|--------------------------------|-------------------------|---------------------|
| HIGH SERVICE PUMPAGE (RRS) | 4,430,637 | 4,868,000 |
| HIGH SERVICE PUMPAGE (KRS) | 7,597,277 | 8,347,231 |
| HIGH SERVICE PUMPAGE (OWENTON) | 249,155 | 273,750 |
| HIGH SERVICE PUMPAGE (POOL 3) | 1,993,240 | 2,190,000 |
| | <u>14,270,309</u> | <u>15,678,981</u> |

This is used/referenced in the calculation sheet for fuel & power and chemicals.

FORCASTED PUMPAGE

| Month | Year | Low Service RRS | Low Service KRS | Low Service Owenton | Low Service Pool 3 | High Service RRS | High Service KRS | High Service Owenton | High Service Pool 3 | |
|------------|------|--------------------|--------------------|------------------------|-----------------------|---------------------|---------------------|-------------------------|------------------------|-------------|
| October | 2010 | 351.14730 | 815.61530 | 23.25760 | 175.06630 | 338.57780 | 793.29780 | 21.16110 | 169.28890 | |
| November | 2010 | 339.82000 | 614.13410 | 22.50730 | 169.41900 | 327.65590 | 597.33010 | 20.47850 | 163.82790 | |
| December | 2010 | 351.14730 | 545.57990 | 23.25760 | 175.06630 | 338.57780 | 530.65170 | 21.16110 | 169.28890 | |
| January | 2011 | 351.14730 | 539.32600 | 23.25760 | 175.06630 | 338.57780 | 524.56900 | 21.16110 | 169.28890 | |
| February | 2011 | 317.16530 | 515.65560 | 21.00680 | 158.12440 | 305.81220 | 501.54590 | 19.11330 | 152.90610 | |
| March | 2011 | 351.14730 | 587.05070 | 23.25760 | 175.06630 | 338.57780 | 570.98730 | 21.16110 | 169.28890 | |
| April | 2011 | 339.82000 | 523.29900 | 22.50730 | 169.41900 | 327.65590 | 508.98030 | 20.47850 | 163.82790 | |
| May | 2011 | 351.14730 | 695.95170 | 23.25760 | 175.06630 | 338.57780 | 676.90900 | 21.16110 | 169.28890 | |
| June | 2011 | 453.09330 | 654.18810 | 22.50730 | 169.41900 | 436.87460 | 636.28800 | 20.47850 | 163.82790 | |
| July | 2011 | 468.19640 | 719.68310 | 23.25760 | 175.06630 | 451.43710 | 699.99120 | 21.16110 | 169.28890 | |
| August | 2011 | 468.19640 | 844.99850 | 23.25760 | 175.06630 | 451.43710 | 821.87770 | 21.16110 | 169.28890 | |
| September | 2011 | 453.09330 | 755.52210 | 22.50730 | 169.41900 | 436.87460 | 734.84880 | 20.47850 | 163.82790 | |
| Total | | 4,595.12150 | 7,811.00400 | 273.83900 | 2,061.26400 | 14,741.22850 | 4,430.63640 | 7,597.27700 | 249.15500 | 1,993.24000 |
| ADJ. SALES | | 4,595.12150 | 7,811.00400 | 273.83900 | 2,061.26400 | 14,741.22850 | 4,430.63650 | 7,597.27700 | 249.15500 | 1,993.24000 |
| CHECK | | -0.00030 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |

BUDGETED PUMPAGE

From Ky system delivery budget

| Month | Year | Low Service RRS | Low Service KRS | Low Service Owenton | Low Service Pool 3 | High Service RRS | High Service KRS | High Service Owenton | High Service Pool 3 | |
|-----------|------|--------------------|--------------------|------------------------|-----------------------|---------------------|---------------------|-------------------------|------------------------|-----------|
| October | 2010 | 386.13600 | 896.88400 | 25.57500 | 192.510 | 372.000 | 871.607 | 23.250 | 186.000 | |
| November | 2010 | 373.68000 | 675.32700 | 24.75000 | 186.300 | 360.000 | 656.295 | 22.500 | 180.000 | |
| December | 2010 | 386.13600 | 599.94200 | 25.57500 | 192.510 | 372.000 | 583.034 | 23.250 | 186.000 | |
| January | 2011 | 386.13600 | 593.06500 | 25.57500 | 192.510 | 372.000 | 576.351 | 23.250 | 186.000 | |
| February | 2011 | 348.76800 | 567.03600 | 23.10000 | 173.880 | 336.000 | 551.055 | 21.000 | 168.000 | |
| March | 2011 | 386.13600 | 645.54500 | 25.57500 | 192.510 | 372.000 | 627.352 | 23.250 | 186.000 | |
| April | 2011 | 373.68000 | 575.44100 | 24.75000 | 186.300 | 360.000 | 559.224 | 22.500 | 180.000 | |
| May | 2011 | 386.13600 | 765.29700 | 25.57500 | 192.510 | 372.000 | 743.729 | 23.250 | 186.000 | |
| June | 2011 | 498.24000 | 719.37200 | 24.75000 | 186.300 | 480.000 | 699.098 | 22.500 | 180.000 | |
| July | 2011 | 514.84800 | 791.39300 | 25.57500 | 192.510 | 496.000 | 769.090 | 23.250 | 186.000 | |
| August | 2011 | 514.84800 | 929.19500 | 25.57500 | 192.510 | 496.000 | 903.008 | 23.250 | 186.000 | |
| September | 2011 | 498.24000 | 830.80300 | 24.75000 | 186.300 | 480.000 | 807.388 | 22.500 | 180.000 | |
| Total | | 5,052.98400 | 8,589.30000 | 301.12500 | 2,266.65000 | 16,210.05900 | 4,868.00000 | 8,347.231 | 273.750 | 2,190.000 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

KENTUCKY RIVER STATION-HIGH SERVICE (COLUMN 10)
120250.515100.13

| | 10-Oct | 10-Nov | 10-Dec | 11-Jan | 11-Feb | 11-Mar | 11-Apr | 11-May | 11-Jun | 11-Jul | 11-Aug | 11-Sep | TOTAL |
|----------------------------------|-----------|-----------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|------------|
| A1...O450 REV. PUMPAGE (MG) | 793,298 | 597,330 | 530,652 | 524,569 | 501,546 | 570,987 | 508,980 | 676,909 | 636,288 | 699,991 | 821,878 | 734,849 | 7597,277 |
| KWH/MG Average 2 years | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 | 1,730 |
| TOTAL KWH | 1,372,405 | 1,033,381 | 918,027 | 907,504 | 867,674 | 987,808 | 880,536 | 1,171,053 | 1,100,778 | 1,210,985 | 1,421,848 | 1,271,288 | 13,143,289 |
| ENERGY COST | 48,762 | 36,716 | 32,618 | 32,244 | 30,828 | 35,097 | 31,285 | 41,607 | 39,111 | 43,026 | 50,518 | 45,169 | 466,981 |
| ENERGY COST/KWH,AveYear/Date | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 |
| FUEL ADJUSTMENT COST | 3,225 | 2,428 | 2,157 | 2,197 | 2,100 | 2,391 | 2,131 | 2,835 | 2,664 | 2,931 | 3,442 | 3,077 | 31,579 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00235 | 0.00235 | 0.00235 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 |
| DEMAND COST | 13,557 | 10,208 | 9,068 | 8,964 | 8,571 | 9,758 | 8,698 | 11,568 | 10,873 | 11,962 | 14,045 | 12,558 | 129,829 |
| KW DEMAND, current | 3,019 | 2,273 | 2,020 | 1,997 | 1,909 | 2,173 | 1,937 | 2,576 | 2,422 | 2,664 | 3,128 | 2,797 | 28,915 |
| COST/KW DEMAND,current | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 | 4,490 |
| TOTAL ELECTRIC COST | 65,543 | 49,352 | 43,843 | 43,405 | 41,500 | 47,245 | 42,115 | 56,010 | 52,649 | 57,920 | 68,005 | 60,804 | 628,389 |
| CUSTOMER CHARGE | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 3,600 |
| ENVIRONMENTAL SURCHARGE | 7,243 | 5,462 | 4,856 | 5,245 | 5,016 | 5,705 | 5,090 | 6,757 | 6,354 | 6,986 | 8,197 | 7,332 | 74,242 |
| SUB-TOTAL | 73,086 | 55,114 | 48,999 | 48,949 | 46,816 | 53,251 | 47,504 | 63,067 | 59,302 | 65,206 | 76,501 | 68,436 | 706,232 |
| FRANCHISE FEE | 2,193 | 1,653 | 1,470 | 1,468 | 1,404 | 1,598 | 1,425 | 1,892 | 1,779 | 1,956 | 2,295 | 2,053 | 21,187 |
| SUBTOTAL | 75,279 | 56,767 | 50,469 | 50,418 | 48,220 | 54,848 | 48,930 | 64,959 | 61,081 | 67,162 | 78,797 | 70,489 | 727,419 |
| MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 75,279 | 56,767 | 50,469 | 50,418 | 48,220 | 54,848 | 48,930 | 64,959 | 61,081 | 67,162 | 78,797 | 70,489 | 727,419 |
| SALES TAX | 4,517 | 3,406 | 3,028 | 3,025 | 2,893 | 3,291 | 2,936 | 3,898 | 3,665 | 4,030 | 4,728 | 4,229 | 43,645 |
| EXCESS FACILITIES RIDER | 3,000 | 3,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 41,000 |
| TOTAL COST | 82,795 | 63,173 | 57,497 | 57,443 | 55,113 | 62,139 | 55,865 | 71,856 | 67,746 | 74,192 | 86,524 | 77,719 | 812,064 |

| KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012 | | | | | | | | | | | | | | |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| LINE | RICHMOND ROAD STATION - HIGH SERVICE (COLUMN 12) | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
| | 120251.515100.12 | | | | | | | | | | | | | |
| | PUMPAGE (MG) | 338,578 | 327,656 | 338,578 | 338,578 | 305,812 | 338,578 | 327,656 | 338,578 | 436,875 | 451,437 | 451,437 | 436,875 | 4430,636 |
| | KWH/MG Average 2 years | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 |
| | TOTAL KWH | 333,499 | 322,741 | 333,499 | 333,499 | 301,225 | 333,499 | 322,741 | 333,499 | 430,321 | 444,666 | 444,666 | 430,321 | 4,364,177 |
| | ENERGY COST | 11,849 | 11,467 | 11,849 | 11,849 | 10,703 | 11,849 | 11,467 | 11,849 | 15,289 | 15,799 | 15,799 | 15,289 | 155,059 |
| | ENERGY COST/KWH,Ave/year/Date | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 |
| | FUEL ADJUSTMENT COST | 884 | 855 | 884 | 910 | 822 | 910 | 881 | 910 | 1,175 | 1,214 | 1,214 | 1,175 | 11,833 |
| | FUEL ADJUSTMENT COST/KWH,current | 0.00265 | 0.00265 | 0.00265 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00271 |
| | DEMAND COST | 5,950 | 5,758 | 5,950 | 5,950 | 5,374 | 5,950 | 5,758 | 5,950 | 7,677 | 7,933 | 7,933 | 7,677 | 77,856 |
| | KW DEMAND, current | 707 | 684 | 707 | 707 | 639 | 707 | 684 | 707 | 912 | 943 | 943 | 912 | 9,252 |
| | COST/KW DEMAND,current | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.415 | 8.41500 |
| | TOTAL ELECTRIC COST | 18,683 | 18,080 | 18,683 | 18,709 | 16,899 | 18,709 | 18,106 | 18,709 | 24,141 | 24,945 | 24,945 | 24,141 | 244,749 |
| | CUSTOMER CHARGE | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 900 |
| | ENVIRONMENTAL SURCHARGE | 2,063 | 1,997 | 2,063 | 2,254 | 2,037 | 2,254 | 2,182 | 2,254 | 2,906 | 3,002 | 3,002 | 2,906 | 28,921 |
| | SUB-TOTAL | 20,821 | 20,152 | 20,821 | 21,038 | 19,010 | 21,038 | 20,362 | 21,038 | 27,122 | 28,023 | 28,023 | 27,122 | 274,570 |
| | FRANCHISE FEE | 625 | 605 | 625 | 631 | 570 | 631 | 611 | 631 | 814 | 841 | 841 | 814 | 8,237 |
| | DIESEL FUEL | 0 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 1,000 | 0 | 4,000 |
| | SUBTOTAL | 21,446 | 20,756 | 22,446 | 21,669 | 19,581 | 21,669 | 20,973 | 21,669 | 28,935 | 29,864 | 29,864 | 27,935 | 286,807 |
| | MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | SUB TOTAL | 21,446 | 20,756 | 22,446 | 21,669 | 19,581 | 21,669 | 20,973 | 21,669 | 28,935 | 29,864 | 29,864 | 27,935 | 286,807 |
| | VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | SUB-TOTAL | 21,446 | 20,756 | 22,446 | 21,669 | 19,581 | 21,669 | 20,973 | 21,669 | 28,935 | 29,864 | 29,864 | 27,935 | 286,807 |
| | SALES TAX | 1,287 | 1,245 | 1,347 | 1,300 | 1,175 | 1,300 | 1,258 | 1,300 | 1,736 | 1,792 | 1,792 | 1,676 | 17,208 |
| | TOTAL COST | 22,732 | 22,002 | 23,792 | 22,969 | 20,755 | 22,969 | 22,231 | 22,969 | 30,671 | 31,655 | 31,655 | 29,611 | 304,015 |

INTAKE & 2nd LIFT - LOW SERVICE (COLUMN 13)
120250.515100.12
KRS Low Service

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| PUMPAGE (MG) | 815,615 | 614,134 | 545,580 | 539,326 | 515,656 | 587,051 | 523,299 | 695,952 | 654,188 | 719,683 | 844,999 | 755,522 | 7,811,004 |
| KWH/MG Average 2 years | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 | 1,940 |
| TOTAL KWH | 1,582,294 | 1,191,420 | 1,058,425 | 1,046,292 | 1,000,372 | 1,138,878 | 1,015,200 | 1,350,146 | 1,269,125 | 1,396,185 | 1,639,297 | 1,465,713 | 15,153,348 |
| ENERGY COST | 56,219 | 42,331 | 37,606 | 37,175 | 35,543 | 40,464 | 36,070 | 47,971 | 45,092 | 49,606 | 58,244 | 52,077 | 538,398 |
| ENERGY COST/KWH,Ave/year/Date | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 |
| FUEL ADJUSTMENT COST | 3,718 | 2,800 | 2,487 | 2,533 | 2,421 | 2,757 | 2,457 | 3,288 | 3,072 | 3,379 | 3,968 | 3,548 | 36,409 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00235 | 0.00235 | 0.00235 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00240 |
| DEMAND COST | 15,843 | 11,929 | 10,588 | 10,476 | 10,016 | 11,403 | 10,165 | 13,519 | 12,707 | 13,980 | 16,414 | 14,676 | 151,726 |
| KW DEMAND, current | 3529 | 2657 | 2360 | 2333 | 2231 | 2540 | 2264 | 3011 | 2830 | 3113 | 3656 | 3269 | 33,792 |
| COST/KW DEMAND,current | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.49000 |
| TOTAL ELECTRIC COST | 75,780 | 57,060 | 50,691 | 50,184 | 47,981 | 54,624 | 48,692 | 64,757 | 60,871 | 66,966 | 78,626 | 70,300 | 726,533 |
| ENVIRONMENTAL SURCHARGE | 8,336 | 6,277 | 5,576 | 6,022 | 5,758 | 6,555 | 5,843 | 7,771 | 7,305 | 8,036 | 9,435 | 8,436 | 85,349 |
| SUBTOTAL | 84,116 | 63,337 | 56,267 | 56,206 | 53,739 | 61,179 | 54,535 | 72,528 | 68,176 | 75,001 | 88,061 | 78,736 | 811,882 |
| FRANCHISE FEE | 2,523 | 1,900 | 1,688 | 1,686 | 1,612 | 1,835 | 1,636 | 2,176 | 2,045 | 2,250 | 2,642 | 2,362 | 24,356 |
| SUBTOTAL | 86,640 | 65,237 | 57,955 | 57,892 | 55,351 | 63,015 | 56,171 | 74,704 | 70,221 | 77,251 | 90,703 | 81,098 | 836,238 |
| MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 86,640 | 65,237 | 57,955 | 57,892 | 55,351 | 63,015 | 56,171 | 74,704 | 70,221 | 77,251 | 90,703 | 81,098 | 836,238 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 86,640 | 65,237 | 57,955 | 57,892 | 55,351 | 63,015 | 56,171 | 74,704 | 70,221 | 77,251 | 90,703 | 81,098 | 836,238 |
| SALES TAX | 5,198 | 3,914 | 3,477 | 3,474 | 3,321 | 3,781 | 3,370 | 4,482 | 4,213 | 4,635 | 5,442 | 4,866 | 50,174 |
| EXCESS FACILITIES RIDER | 3,000 | 3,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 41,000 |
| TOTAL COST | 94,838 | 72,151 | 65,432 | 65,365 | 62,672 | 70,795 | 63,542 | 82,186 | 77,434 | 84,886 | 99,145 | 88,964 | 927,412 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

120250.515100.12

KENTUCKY RIVER TO NUMBER FOUR

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| PUMPAGE (MG) | 568,000 | 540,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 568,000 | 540,000 | 558,000 | 558,000 | 540,000 | 3852,000 |
| KWH/MG Average 2 years | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 |
| TOTAL KWH | 1,222,020 | 1,182,600 | 0 | 0 | 0 | 0 | 0 | 1,222,020 | 1,182,600 | 1,222,020 | 1,222,020 | 1,182,600 | 8,435,880 |
| ENERGY COST | 43,418 | 42,018 | 0 | 0 | 0 | 0 | 0 | 43,418 | 42,018 | 43,418 | 43,418 | 42,018 | 293,727 |
| ENERGY COST/KWH,Ave/year/Date | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 |
| FUEL ADJUSTMENT COST | 2,872 | 2,779 | 0 | 0 | 0 | 0 | 0 | 2,958 | 2,862 | 2,958 | 2,958 | 2,862 | 20,250 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00235 | 0.00235 | 0.00235 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00242 | 0.00240 |
| DEMAND COST | 13,168 | 12,744 | 0 | 0 | 0 | 0 | 0 | 13,168 | 12,744 | 13,168 | 13,168 | 12,744 | 90,905 |
| KW DEMAND, current | 2,933 | 2,838 | 0 | 0 | 0 | 0 | 0 | 2,933 | 2,838 | 2,933 | 2,933 | 2,838 | 20,246 |
| COST/KW DEMAND,current | 4,490 | 4,490 | 4,490 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 | 4,490,000 |
| TOTAL ELECTRIC COST | 59,459 | 57,541 | 0 | 0 | 0 | 0 | 0 | 59,545 | 57,624 | 59,545 | 59,545 | 57,624 | 410,881 |
| ENVIRONMENTAL SURCHARGE | 6,540 | 6,329 | - | - | - | - | - | 7,145 | 6,915 | 7,145 | 7,145 | 6,915 | 48,136 |
| SUBTOTAL | 65,999 | 63,870 | - | - | - | - | - | 66,690 | 64,539 | 66,690 | 66,690 | 64,539 | 459,017 |
| FRANCHISE FEE | 1,980 | 1,916 | - | - | - | - | - | 2,001 | 1,936 | 2,001 | 2,001 | 1,936 | 13,771 |
| TOTAL POWER COST | 67,979 | 65,786 | 0 | 0 | 0 | 0 | 0 | 68,691 | 66,475 | 68,691 | 68,691 | 66,475 | 472,788 |
| MERGER SUR CREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 67,979 | 65,786 | - | - | - | - | - | 68,691 | 66,475 | 68,691 | 68,691 | 66,475 | 472,788 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 67,979 | 65,786 | - | - | - | - | - | 68,691 | 66,475 | 68,691 | 68,691 | 66,475 | 472,788 |
| SALES TAX | 4,079 | 3,947 | - | - | - | - | - | 4,121 | 3,988 | 4,121 | 4,121 | 3,988 | 28,367 |
| EXCESS FACILITIES RIDER | 2,000 | 2,000 | - | - | - | - | - | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 14,000 |
| TOTAL COST | 74,058 | 71,733 | - | - | - | - | - | 74,812 | 72,463 | 74,812 | 74,812 | 72,463 | 515,155 |

120251.515100.12 KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

1: NUMBER FOUR RES PUMPS - LOW SERVICE (COLUMN 14)
RICHMOND ROAD - LOW SERVICE (Jacobson reservoir)

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| PUMPAGE (MG) | 351,147 | 339,820 | 351,147 | 351,147 | 317,165 | 351,147 | 339,820 | 351,147 | 453,093 | 468,196 | 468,196 | 453,093 | 4,595,121 |
| KWH/MG Average 2 years | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 |
| TOTAL KWH | 115,879 | 112,141 | 115,879 | 115,879 | 104,665 | 115,879 | 112,141 | 115,879 | 149,521 | 154,505 | 154,505 | 149,521 | 1,516,390 |
| ENERGY COST | 4,117 | 3,984 | 4,117 | 4,117 | 3,719 | 4,117 | 3,984 | 4,117 | 5,312 | 5,490 | 5,490 | 5,312 | 53,877 |
| ENERGY COST/KWH,Ave/Year/Date | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 |
| FUEL ADJUSTMENT COST | 307 | 297 | 307 | 316 | 286 | 316 | 306 | 316 | 408 | 422 | 422 | 408 | 4,112 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00265 | 0.00265 | 0.00265 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00271 |
| DEMAND COST | 1,323 | 1,281 | 1,323 | 1,323 | 1,195 | 1,323 | 1,281 | 1,323 | 1,708 | 1,764 | 1,764 | 1,708 | 17,317 |
| KW DEMAND, current | 166 | 160 | 166 | 166 | 150 | 166 | 160 | 166 | 214 | 221 | 221 | 214 | 2,168 |
| COST/KW DEMAND,current | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 | 7.99 |
| TOTAL ELECTRIC COST | 5,748 | 5,562 | 5,748 | 5,757 | 5,200 | 5,757 | 5,571 | 5,757 | 7,428 | 7,676 | 7,676 | 7,428 | 75,306 |
| CUSTOMER CHARGE | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 900 |
| ENVIRONMENTAL SURCHARGE | 640 | 620 | 640 | 700 | 633 | 700 | 678 | 700 | 900 | 930 | 930 | 900 | 8,972 |
| SUBTOTAL | 6,463 | 6,257 | 6,463 | 6,532 | 5,908 | 6,532 | 6,324 | 6,532 | 8,403 | 8,681 | 8,681 | 8,403 | 85,178 |
| FRANCHISE FEE | 194 | 188 | 194 | 196 | 177 | 196 | 190 | 196 | 252 | 260 | 260 | 252 | 2,555 |
| SUBTOTAL | 6,657 | 6,445 | 6,657 | 6,728 | 6,085 | 6,728 | 6,513 | 6,728 | 8,656 | 8,941 | 8,941 | 8,656 | 87,733 |
| MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 6,657 | 6,445 | 6,657 | 6,728 | 6,085 | 6,728 | 6,513 | 6,728 | 8,656 | 8,941 | 8,941 | 8,656 | 87,733 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 6,657 | 6,445 | 6,657 | 6,728 | 6,085 | 6,728 | 6,513 | 6,728 | 8,656 | 8,941 | 8,941 | 8,656 | 87,733 |
| SALES TAX | 399 | 387 | 399 | 404 | 365 | 404 | 391 | 404 | 519 | 536 | 536 | 519 | 5,264 |
| TOTAL COST | 7,056 | 6,832 | 7,056 | 7,131 | 6,450 | 7,131 | 6,904 | 7,131 | 9,175 | 9,478 | 9,478 | 9,175 | 92,997 |

I: KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012
TOTAL COMPANY EXCEPT BOOSTER STATIONS
TOTAL LOW SERVICE PUMPAGE R.R.S. AND KY. RIVER

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| PUMPAGE (MG) | 1,166,763 | 953,954 | 896,727 | 890,473 | 832,821 | 938,198 | 863,119 | 1,047,099 | 1,107,281 | 1,187,880 | 1,313,195 | 1,208,615 | 12,406,125 |
| KWH/MG Average 2 years | 3,985 | 4,028 | 2,705 | 2,699 | 2,730 | 2,746 | 2,700 | 4,004 | 3,732 | 3,728 | 3,718 | 3,723 | 3,373 |
| TOTAL KWH | 4,626,097 | 3,842,283 | 2,425,830 | 2,403,175 | 2,273,936 | 2,576,064 | 2,330,618 | 4,192,597 | 4,132,345 | 4,428,360 | 4,882,336 | 4,499,444 | 42,613,084 |
| ENERGY COST | 164,365 | 136,516 | 86,190 | 85,385 | 80,793 | 91,528 | 82,807 | 148,963 | 146,822 | 157,340 | 173,469 | 159,865 | 1,514,043 |
| ENERGY COST/KWH,Ave/year/Date | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 | 0.0355 |
| FUEL ADJUSTMENT COST | 11,006 | 9,160 | 5,836 | 5,956 | 5,629 | 6,374 | 5,776 | 10,287 | 10,182 | 10,904 | 12,003 | 11,070 | 104,182 |
| FUEL ADJUSTMENT COST/KWH | 0.00238 | 0.00238 | 0.00241 | 0.00248 | 0.00248 | 0.00247 | 0.00248 | 0.00245 | 0.00246 | 0.00246 | 0.00246 | 0.00246 | 0.00244 |
| DEMAND COST | 49,841 | 41,919 | 26,939 | 26,713 | 25,156 | 28,434 | 25,901 | 45,528 | 45,709 | 48,807 | 53,324 | 49,362 | 467,634 |
| KW DEMAND | 10,353 | 8,613 | 5,253 | 5,202 | 4,928 | 5,586 | 5,115 | 8,613 | 8,926 | 9,025 | 10,235 | 9,591 | 91,440 |
| COST/KW DEMAND | 4.81 | 4.87 | 5.13 | 5.13 | 5.10 | 5.09 | 5.06 | 5.29 | 5.12 | 5.41 | 5.21 | 5.15 | 5.11 |
| TOTAL ELECTRIC COST | 225,212 | 187,595 | 118,964 | 118,054 | 111,579 | 126,335 | 114,484 | 204,778 | 202,713 | 217,051 | 238,797 | 220,297 | 2,085,858 |
| CUSTOMER CHARGE | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 5,400 |
| ENVIRONMENTAL SURCHARGE | 24,823 | 20,885 | 13,136 | 14,220 | 13,443 | 15,214 | 13,792 | 24,627 | 24,380 | 26,100 | 28,710 | 26,490 | 245,620 |
| SUB-TOTAL | 250,485 | 208,730 | 132,550 | 132,724 | 125,472 | 142,000 | 128,726 | 229,855 | 227,542 | 243,601 | 267,956 | 247,237 | 2,336,878 |
| FRANCHISE FEE | 7,515 | 6,262 | 3,976 | 3,982 | 3,764 | 4,260 | 3,862 | 6,896 | 6,826 | 7,308 | 8,039 | 7,417 | 70,106 |
| TOTAL POWER COST | 258,000 | 214,992 | 137,526 | 136,706 | 129,236 | 146,260 | 132,587 | 236,751 | 235,368 | 251,909 | 276,995 | 254,654 | 2,410,985 |
| MERGER CREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 258,000 | 214,992 | 137,526 | 136,706 | 129,236 | 146,260 | 132,587 | 236,751 | 235,368 | 251,909 | 276,995 | 254,654 | 2,410,985 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 258,000 | 214,992 | 137,526 | 136,706 | 129,236 | 146,260 | 132,587 | 236,751 | 235,368 | 251,909 | 276,995 | 254,654 | 2,410,985 |
| SALES TAX | 15,480 | 12,900 | 8,252 | 8,202 | 7,754 | 8,776 | 7,955 | 14,205 | 14,122 | 15,115 | 16,620 | 15,279 | 144,659 |
| EXCESS FACILITIES RIDER | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 96,000 |
| TOTALCOST | 281,480 | 235,892 | 153,778 | 152,909 | 144,991 | 163,035 | 148,543 | 258,956 | 257,491 | 275,024 | 301,615 | 277,933 | 2,651,644 |

I: KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623,11 FUEL & POWER BUDGET 2012
TOTAL CENTRAL DIVISION FUEL & POWER
HIGH SERVICE PUMPAGE R.R.S. AND KY. RIVER & BOOSTERS

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| PUMPAGE (MG) | 1131,876 | 924,986 | 869,230 | 863,147 | 807,358 | 908,565 | 836,636 | 1015,487 | 1073,163 | 1151,428 | 1273,315 | 1171,723 | 12027,913 |
| KWH/MG | 4,288 | 4,400 | 3,053 | 3,048 | 3,098 | 3,082 | 3,096 | 4,385 | 4,093 | 4,072 | 4,039 | 4,062 | 3,726 |
| TOTAL KWH | 4,853,597 | 4,069,783 | 2,653,330 | 2,630,675 | 2,501,436 | 2,803,564 | 2,590,618 | 4,452,597 | 4,392,345 | 4,688,360 | 5,142,336 | 4,759,444 | 45,538,084 |
| ENERGY COST | 180,714 | 152,865 | 102,538 | 101,733 | 97,142 | 107,876 | 101,491 | 167,647 | 165,506 | 176,024 | 192,154 | 178,549 | 1,724,239 |
| ENERGY COST/KWH | 0.0372 | 0.0376 | 0.0386 | 0.0387 | 0.0388 | 0.0385 | 0.0392 | 0.0377 | 0.0377 | 0.0375 | 0.0374 | 0.0375 | 0.0379 |
| FUEL ADJUSTMENT COST | 11,614 | 9,768 | 6,444 | 6,564 | 6,238 | 6,983 | 6,471 | 10,982 | 10,877 | 11,599 | 12,698 | 11,765 | 112,004 |
| FUEL ADJUSTMENT COST/KWH | 0.00239 | 0.00240 | 0.00243 | 0.00250 | 0.00249 | 0.00249 | 0.00250 | 0.00247 | 0.00248 | 0.00247 | 0.00247 | 0.00247 | 0.00246 |
| DEMAND COST | 49,841 | 41,919 | 26,939 | 26,713 | 25,156 | 28,434 | 25,901 | 45,528 | 45,709 | 48,807 | 53,324 | 49,362 | 467,634 |
| KW DEMAND | 10,353 | 8,613 | 5,253 | 5,202 | 4,928 | 5,586 | 5,115 | 8,613 | 8,926 | 9,025 | 10,235 | 9,591 | 91,440 |
| COST/KW DEMAND | 4.81 | 4.87 | 5.13 | 5.13 | 5.10 | 5.09 | 5.06 | 5.29 | 5.12 | 5.41 | 5.21 | 5.15 | 5.11 |
| TOTAL ELECTRIC COST | 242,169 | 204,552 | 135,921 | 135,011 | 128,536 | 143,292 | 133,863 | 224,157 | 222,092 | 236,430 | 258,176 | 239,676 | 2,303,877 |
| CUSTOMER CHARGE | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 5,520 |
| ENVIRONMENTAL SURCHARGE | 26,689 | 22,551 | 15,002 | 16,257 | 15,479 | 17,250 | 16,119 | 26,954 | 26,706 | 28,427 | 31,036 | 28,816 | 271,287 |
| SUB-TOTAL | 268,319 | 227,563 | 151,383 | 151,727 | 144,475 | 161,003 | 150,442 | 251,571 | 249,258 | 265,317 | 289,672 | 288,953 | 2,980,684 |
| FRANCHISE FEE | 8,080 | 6,827 | 4,541 | 4,552 | 4,334 | 4,830 | 4,513 | 7,547 | 7,478 | 7,960 | 8,690 | 8,069 | 77,421 |
| DEISEL FUEL | 0 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 1,000 | 0 | 4,000 |
| SUBTOTAL | 277,398 | 234,390 | 156,924 | 156,279 | 148,810 | 165,833 | 154,955 | 259,118 | 257,736 | 274,277 | 299,363 | 277,021 | 2,662,104 |
| MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL COST | 277,398 | 234,390 | 156,924 | 156,279 | 148,810 | 165,833 | 154,955 | 259,118 | 257,736 | 274,277 | 299,363 | 277,021 | 2,662,104 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 277,398 | 234,390 | 156,924 | 156,279 | 148,810 | 165,833 | 154,955 | 259,118 | 257,736 | 274,277 | 299,363 | 277,021 | 2,662,104 |
| SALES TAX | 16,644 | 14,063 | 9,415 | 9,377 | 8,929 | 9,950 | 9,297 | 15,547 | 15,464 | 16,457 | 17,962 | 16,621 | 159,726 |
| EXCESS FACILITIES RIDER | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 96,000 |
| TOTAL COST | 302,042 | 256,454 | 174,340 | 173,656 | 165,738 | 183,783 | 172,252 | 282,665 | 281,200 | 298,733 | 325,324 | 301,642 | 2,917,831 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

Pool 3 high service
120252.515100.13

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| A1...O450 REV. PUMPAGE (MG) | 169,289 | 163,828 | 169,289 | 169,289 | 152,906 | 169,289 | 163,828 | 169,289 | 163,828 | 169,289 | 169,289 | 163,828 | 1993,240 |
| KWH/MG (1426 kwh @ 6mgd rate) | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 | 3,514 |
| TOTAL KWH | 594,813 | 575,626 | 594,813 | 594,813 | 537,251 | 594,813 | 575,626 | 594,813 | 575,626 | 594,813 | 594,813 | 575,626 | 7,003,448 |
| ENERGY COST | 41,006 | 39,684 | 41,006 | 41,006 | 37,038 | 41,006 | 31,349 | 32,394 | 31,349 | 32,394 | 32,394 | 31,349 | 431,974 |
| ENERGY COST/KWH,AveYear/Date | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.05446 | 0.05446 | 0.05446 | 0.05446 | 0.05446 | 0.05446 | 0.06170 |
| FUEL ADJUSTMENT COST | 1,127 | 1,090 | 1,127 | 1,127 | 1,018 | 1,127 | 1,090 | 1,127 | 1,090 | 1,127 | 1,127 | 1,090 | 13,266 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 |
| DEMAND COST | 4715 | 4562 | 4715 | 8413 | 8413 | 8413 | 9711 | 9711 | 9711 | 9711 | 9711 | 9711 | 97498 |
| KW DEMAND, current | 799 | 773 | 799 | 1426 | 1426 | 1426 | 1426 | 1426 | 1426 | 1426 | 1426 | 1426 | 15205 |
| COST/KW DEMAND,current | 5.900 | 5.900 | 5.900 | 5.900 | 5.900 | 5.900 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.35500 |
| TOTAL ELECTRIC COST | 46,848 | 45,336 | 46,848 | 50,547 | 46,469 | 50,547 | 42,150 | 43,231 | 42,150 | 43,231 | 43,231 | 42,150 | 542,738 |
| CUSTOMER CHARGE | 21 | 21 | 21 | 21 | 21 | 21 | 1464 | 1464 | 1464 | 1464 | 1464 | 1464 | 8,907 |
| SUB-TOTAL | 46,868 | 45,357 | 46,868 | 50,567 | 46,490 | 50,567 | 43,614 | 44,695 | 43,614 | 44,695 | 44,695 | 43,614 | 551,645 |
| ENVIRONMENTAL SURCHARGE | 3,242 | 3,138 | 3,242 | 3,498 | 3,216 | 3,498 | 3,017 | 3,092 | 3,017 | 3,092 | 3,092 | 3,017 | 38,162 |
| SUB-TOTAL | 50,110 | 48,495 | 50,110 | 54,065 | 49,706 | 54,065 | 46,631 | 47,787 | 46,631 | 47,787 | 47,787 | 46,631 | 441,091 |
| SCHOOL TAX | 1,503 | 1,455 | 1,503 | 1,622 | 1,491 | 1,622 | 1,399 | 1,434 | 1,399 | 1,434 | 1,434 | 1,399 | 17,694 |
| SALES TAX | 3,097 | 2,997 | 3,097 | 3,341 | 3,072 | 3,341 | 2,882 | 2,953 | 2,882 | 2,953 | 2,953 | 2,882 | 36,450 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXCESS FACILITIES RIDER | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 1,193 | 14,322 |
| TOTAL COST | 55,904 | 54,140 | 55,904 | 60,222 | 55,462 | 60,222 | 52,105 | 53,368 | 52,105 | 53,368 | 53,368 | 52,105 | 658,273 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Pool 3 low service | | | | | | | | | | | | | |
| 120252.515100.13 | | | | | | | | | | | | | |
| A1...O450 REV. | | | | | | | | | | | | | |
| PUMPAGE (MG) | 175,066 | 169,419 | 175,066 | 175,066 | 158,124 | 175,066 | 169,419 | 175,066 | 169,419 | 175,066 | 175,066 | 169,419 | 2,061,265 |
| KWH/MG (1426 kWh @ 6mgd rate) | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 | 2,190 |
| TOTAL KWH | 383,465 | 371,095 | 383,465 | 383,465 | 346,356 | 383,465 | 371,095 | 383,465 | 371,095 | 383,465 | 383,465 | 371,095 | 4,514,994 |
| ENERGY COST | 26,436 | 25,583 | 26,436 | 26,436 | 23,878 | 26,436 | 20,210 | 20,884 | 20,210 | 20,884 | 20,884 | 20,210 | 278,486 |
| ENERGY COST/KWH,Ave/Year/Date | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.05446 | 0.05446 | 0.05446 | 0.05446 | 0.05446 | 0.05446 | 0.06170 |
| FUEL ADJUSTMENT COST | 726 | 703 | 726 | 726 | 656 | 726 | 703 | 726 | 703 | 726 | 726 | 703 | 8,552 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 |
| DEMAND COST | 2,938 | 2,843 | 2,938 | 6,462 | 6,462 | 6,462 | 7,458 | 7,458 | 7,458 | 7,458 | 7,458 | 7,458 | 72,854 |
| KW DEMAND, current | 498 | 482 | 498 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 | 11,335 |
| COST/KW DEMAND,current | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 6,810 | 6,810 | 6,810 | 6,810 | 6,810 | 6,810 | 6,355 |
| TOTAL ELECTRIC COST | 30,100 | 29,129 | 30,100 | 33,624 | 30,995 | 33,624 | 28,371 | 29,068 | 28,371 | 29,068 | 29,068 | 28,371 | 359,892 |
| Customer Charge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 30,100 | 29,129 | 30,100 | 33,624 | 30,995 | 33,624 | 28,371 | 29,068 | 28,371 | 29,068 | 29,068 | 28,371 | 359,892 |
| ENVIRONMENTAL SURCHARGE | 2,082 | 2,015 | 2,082 | 2,326 | 2,144 | 2,326 | 1,963 | 2,011 | 1,963 | 2,011 | 2,011 | 1,963 | 24,897 |
| SUB TOTAL | 32,183 | 31,145 | 32,183 | 35,950 | 33,140 | 35,950 | 30,334 | 31,079 | 30,334 | 31,079 | 31,079 | 30,334 | 384,789 |
| SCHOOL TAX | 965 | 934 | 965 | 1,079 | 984 | 1,079 | 910 | 932 | 910 | 932 | 932 | 910 | 11,544 |
| SALES TAX | 1,989 | 1,925 | 1,989 | 2,222 | 2,048 | 2,222 | 1,875 | 1,921 | 1,875 | 1,921 | 1,921 | 1,875 | 23,780 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXCESS FACILITIES RIDER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL COST | 35,137 | 34,004 | 35,137 | 39,250 | 36,182 | 39,250 | 33,118 | 33,932 | 33,118 | 33,932 | 33,932 | 33,118 | 420,112 |
| Pool 3 Plant TOTAL | | | | | | | | | | | | | |
| 120252.515100.13 | | | | | | | | | | | | | |
| Pool 3 plant total | 91,041 | 88,144 | 91,041 | 99,472 | 91,644 | 99,472 | 85,224 | 87,300 | 85,224 | 87,300 | 87,300 | 85,224 | 1,078,385 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Pool 3 Plant TOTAL | | | | | | | | | | | | | |
| 120252.515100.13 | | | | | | | | | | | | | |
| Pool 3 plant total | 91,041 | 88,144 | 91,041 | 99,472 | 91,644 | 99,472 | 85,224 | 87,300 | 85,224 | 87,300 | 87,300 | 85,224 | 1,078,385 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

Pool 3 Booster Station
120201.515100.13

A1...0450 REV.
PUMPAGE (MG)

KWH/MG Average 2 years

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| TOTAL KWH | 186,000 | 180,000 | 186,000 | 186,000 | 188,000 | 186,000 | 180,000 | 186,000 | 180,000 | 186,000 | 186,000 | 180,000 | 2,190,000 |
| ENERGY COST | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 | 1,484 |
| TOTAL KWH | 276,024 | 267,120 | 276,024 | 276,024 | 249,312 | 276,024 | 267,120 | 276,024 | 267,120 | 276,024 | 276,024 | 267,120 | 3,249,960 |
| ENERGY COST | 9,807 | 9,491 | 9,807 | 9,807 | 8,858 | 9,807 | 9,491 | 9,807 | 9,491 | 9,807 | 9,807 | 9,491 | 115,471 |
| ENERGY COST/KWH,Ave/Year/Date | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 | 0.03553 |
| FUEL ADJUSTMENT COST | 731 | 708 | 731 | 753 | 680 | 753 | 729 | 753 | 729 | 753 | 753 | 753 | 729 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00265 | 0.00265 | 0.00265 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 | 0.00273 |
| DEMAND COST | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 | 1666 |
| KW DEMAND, current | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 |
| COST/KW DEMAND,current | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 |
| TOTAL ELECTRIC COST | 12,204 | 11,864 | 12,204 | 12,226 | 11,204 | 12,226 | 11,886 | 12,226 | 11,886 | 12,226 | 12,226 | 11,886 | 144,266 |
| Customer Charge | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| ENVIRONMENTAL SURCHARGE | 1,352 | 1,315 | 1,352 | 1,478 | 1,355 | 1,478 | 1,437 | 1,478 | 1,437 | 1,478 | 1,478 | 1,437 | 17,076 |
| SUB-TOTAL | 13,647 | 13,269 | 13,647 | 13,794 | 12,650 | 13,794 | 13,413 | 13,794 | 13,413 | 13,794 | 13,794 | 13,413 | 162,422 |
| FRANCHISE FEE | 409 | 398 | 409 | 414 | 379 | 414 | 402 | 414 | 402 | 414 | 414 | 402 | 4,873 |
| TOTAL POWER COST | 14,056 | 13,668 | 14,056 | 14,208 | 13,029 | 14,208 | 13,815 | 14,208 | 13,815 | 14,208 | 14,208 | 13,815 | 167,295 |
| MERGER SURCREDIT | 14,056 | 13,668 | 14,056 | 14,208 | 13,029 | 14,208 | 13,815 | 14,208 | 13,815 | 14,208 | 14,208 | 13,815 | 167,295 |
| SUB TOTAL | 14,056 | 13,668 | 14,056 | 14,208 | 13,029 | 14,208 | 13,815 | 14,208 | 13,815 | 14,208 | 14,208 | 13,815 | 167,295 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 14,056 | 13,668 | 14,056 | 14,208 | 13,029 | 14,208 | 13,815 | 14,208 | 13,815 | 14,208 | 14,208 | 13,815 | 167,295 |
| SALES TAX | 843 | 820 | 843 | 852 | 762 | 852 | 829 | 852 | 829 | 852 | 852 | 829 | 10,038 |
| TOTAL COST | 14,900 | 14,488 | 14,900 | 15,061 | 13,811 | 15,061 | 14,644 | 15,061 | 14,644 | 15,061 | 15,061 | 14,644 | 177,333 |

Northern Water Treatment plant
123201.515100.13 KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| A1...0450 REV. PUMPAGE (MG) | 21,161 | 20,479 | 21,161 | 21,161 | 19,113 | 21,161 | 20,479 | 21,161 | 20,479 | 21,161 | 21,161 | 20,479 | 249,155 |
| KWH/MG Average 2 years | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 | 2,466 |
| TOTAL KWH | 52,183 | 50,500 | 52,183 | 52,183 | 47,133 | 52,183 | 50,500 | 52,183 | 50,500 | 52,183 | 52,183 | 50,500 | 614,416 |
| ENERGY COST | 3,750 | 3,629 | 3,750 | 3,750 | 3,387 | 3,750 | 3,629 | 3,750 | 3,629 | 3,750 | 3,750 | 3,629 | 44,156 |
| ENERGY COST/KWH,AveYear 2 Date | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 | 0.07187 |
| FUEL ADJUSTMENT COST | 99 | 96 | 99 | 99 | 89 | 99 | 96 | 99 | 96 | 99 | 99 | 96 | 1,164 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 |
| DSM COST | 16 | 15 | 16 | 16 | 14 | 16 | 15 | 16 | 15 | 16 | 16 | 15 | 184 |
| KW DEMAND, current | 115 | 111 | 115 | 115 | 104 | 115 | 111 | 115 | 111 | 115 | 115 | 111 | 1352 |
| COST/KW DEMAND,current | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.00000 |
| TOTAL ELECTRIC COST | 3,865 | 3,740 | 3,865 | 3,865 | 3,491 | 3,865 | 3,740 | 3,865 | 3,740 | 3,865 | 3,865 | 3,740 | 45,504 |
| CUSTOMER FEE | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 120 |
| ENVIRONMENTAL SURCHARGE | 426 | 413 | 426 | 465 | 420 | 465 | 450 | 465 | 450 | 465 | 465 | 450 | 5,360 |
| SUB-TOTAL | 4,301 | 4,163 | 4,301 | 4,340 | 3,921 | 4,340 | 4,200 | 4,340 | 4,200 | 4,340 | 4,340 | 4,200 | 50,984 |
| SCHOOL TAX | 129 | 125 | 129 | 130 | 118 | 130 | 126 | 130 | 126 | 130 | 130 | 126 | 1,530 |
| TOTAL POWER COST | 4,430 | 4,287 | 4,430 | 4,470 | 4,038 | 4,470 | 4,326 | 4,470 | 4,326 | 4,470 | 4,470 | 4,326 | 52,513 |
| MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL | 4,430 | 4,287 | 4,430 | 4,470 | 4,038 | 4,470 | 4,326 | 4,470 | 4,326 | 4,470 | 4,470 | 4,326 | 52,513 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 4,430 | 4,287 | 4,430 | 4,470 | 4,038 | 4,470 | 4,326 | 4,470 | 4,326 | 4,470 | 4,470 | 4,326 | 52,513 |
| SALES TAX | 266 | 257 | 266 | 268 | 242 | 268 | 260 | 268 | 260 | 268 | 268 | 260 | 3,151 |
| EXCESS FACILITIES RIDER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL COST | 4,696 | 4,545 | 4,696 | 4,738 | 4,281 | 4,738 | 4,586 | 4,738 | 4,586 | 4,738 | 4,738 | 4,586 | 56,664 |

i:

Northern Intake (Seyvern Creek)
123201.515100.13 KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| A1...O450 REV. PUMPAGE (MG) | 23,258 | 22,507 | 23,258 | 23,258 | 21,007 | 23,258 | 22,507 | 23,258 | 22,507 | 23,258 | 23,258 | 22,507 | 273,839 |
| KWH/MG Average 2 years | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 | 2,536 |
| TOTAL KWH | 58,981 | 57,079 | 58,981 | 58,981 | 53,273 | 58,981 | 57,079 | 58,981 | 57,079 | 58,981 | 58,981 | 57,079 | 694,456 |
| ENERGY COST | 4,066 | 3,935 | 4,066 | 4,066 | 3,673 | 4,066 | 3,935 | 4,066 | 3,935 | 4,066 | 4,066 | 3,935 | 47,876 |
| ENERGY COST/KWH,AveYear 2 Date | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 | 0.06894 |
| FUEL ADJUSTMENT COST | 112 | 108 | 112 | 112 | 101 | 112 | 108 | 112 | 108 | 112 | 112 | 108 | 1,315 |
| FUEL ADJUSTMENT COST/KWH,current | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 | 0.00189 |
| DEMAND COST | 668 | 646 | 668 | 668 | 603 | 668 | 646 | 668 | 646 | 668 | 668 | 646 | 7,861 |
| KW DEMAND, current | 113 | 110 | 113 | 113 | 102 | 113 | 110 | 113 | 110 | 113 | 113 | 110 | 1,332 |
| COST/KW DEMAND,current | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900,000 |
| TOTAL ELECTRIC COST | 4,846 | 4,689 | 4,846 | 4,846 | 4,377 | 4,846 | 4,689 | 4,846 | 4,689 | 4,846 | 4,846 | 4,689 | 57,053 |
| ENVIRONMENTAL SURCHARGE | 335 | 324 | 335 | 335 | 303 | 335 | 324 | 335 | 324 | 335 | 335 | 324 | 3,947 |
| SUB-TOTAL1 | 5,181 | 5,014 | 5,181 | 5,181 | 4,679 | 5,181 | 5,014 | 5,181 | 5,014 | 5,181 | 5,181 | 5,014 | 61,000 |
| SCHOOL TAX | 155 | 301 | 311 | 311 | 281 | 311 | 301 | 311 | 301 | 311 | 311 | 301 | 3,505 |
| TOTAL COST | 5,336 | 5,314 | 5,492 | 5,492 | 4,960 | 5,492 | 5,314 | 5,492 | 5,314 | 5,492 | 5,492 | 5,314 | 64,504 |
| MERGER SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VALUE ADDED SURCREDIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 5,336 | 5,314 | 5,492 | 5,492 | 4,960 | 5,492 | 5,314 | 5,492 | 5,314 | 5,492 | 5,492 | 5,314 | 64,504 |
| SALES TAX | 320 | 319 | 329 | 329 | 298 | 329 | 319 | 329 | 319 | 329 | 329 | 319 | 3,870 |
| EXCESS FACILITIES RIDER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL COST | 5,656 | 5,633 | 5,821 | 5,821 | 5,258 | 5,821 | 5,633 | 5,821 | 5,633 | 5,821 | 5,821 | 5,633 | 68,374 |

i:

Northern WT total
123201.515100.13

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-----------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|---------|
| Cost based on Historical averages | 10,352 | 10,178 | 10,517 | 10,559 | 9,539 | 10,559 | 10,219 | 10,559 | 10,219 | 10,559 | 10,559 | 10,219 | 124,038 |

ROCKWELL VILLAGE-SEWER
125001.515100.12

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-----------------------------------|-----|-----|-----|-----|-----|-------|-------|-----|------|------|--------|------|-------|
| Cost based on Historical averages | 815 | 815 | 815 | 815 | 815 | 815 | 815 | 815 | 815 | 815 | 815 | 815 | 9780 |

NORTHERN WASTEWATER
123301.515100.12

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-----------------------------------|------|------|------|------|------|-------|-------|------|------|------|--------|------|-------|
| Cost based on Historical averages | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 3094 | 37128 |

Pool 3 plant
120252.515100.13

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Cost based on Historical averages | 91,041 | 88,144 | 91,041 | 99,472 | 91,644 | 99,472 | 85,224 | 87,300 | 85,224 | 87,300 | 87,300 | 85,224 | 1,078,385 |

Pool 3 Booster
120201.515100.13

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Cost based on Historical averages | 14,900 | 14,488 | 14,900 | 15,061 | 13,811 | 15,061 | 14,644 | 15,061 | 14,644 | 15,061 | 15,061 | 14,644 | 177,333 |

Northern WT plant
123201.515100.13

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|-----------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|---------|
| Cost based on Historical averages | 10,352 | 10,178 | 10,517 | 10,559 | 9,539 | 10,559 | 10,219 | 10,559 | 10,219 | 10,559 | 10,559 | 10,219 | 124,038 |

Central division
120201-120250-120251

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| TOTAL COST @ energy chg of 0338 | 302,042 | 256,454 | 174,340 | 173,656 | 165,738 | 183,783 | 172,252 | 282,665 | 281,200 | 298,733 | 325,324 | 301,642 | 2,917,831 |

RRS
120251

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| TOTAL COST @ energy chg of 0338 | 28,789 | 28,834 | 30,849 | 30,101 | 27,205 | 30,101 | 29,136 | 30,101 | 39,846 | 41,133 | 41,133 | 38,786 | 397,013 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

KRS
120250

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| TOTAL COST @ energy chg of .0338 | 251,691 | 207,058 | 122,929 | 122,808 | 117,785 | 132,935 | 119,407 | 228,855 | 217,644 | 233,891 | 260,482 | 239,147 | 2,254,631 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

Central Other
120201

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| TOTAL COST @ energy chg of .0338 | 20,562 | 20,562 | 20,562 | 20,747 | 20,747 | 20,747 | 23,710 | 23,710 | 23,710 | 23,710 | 23,710 | 23,710 | 266,187 |

KENTUCKY-AMERICAN WATER CO LINE 10 - 168 A/C 623.11 FUEL & POWER BUDGET 2012

TOTAL

| | OCT | NOV | DEC | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPT | TOTAL |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| TOTAL COST @ energy chg of .0338 | 422,244 | 373,172 | 294,707 | 302,857 | 284,641 | 312,784 | 286,248 | 399,494 | 395,196 | 415,562 | 442,153 | 415,638 | 4,344,495 |
| 120201.515100.12 | 35,462 | 35,050 | 35,462 | 35,808 | 34,558 | 35,808 | 38,354 | 38,770 | 38,354 | 38,770 | 38,770 | 38,354 | 443,520 |
| 120250.515100.13 | 82,786 | 63,173 | 57,497 | 57,443 | 55,113 | 62,139 | 55,865 | 71,856 | 67,746 | 74,192 | 86,524 | 77,719 | 812,064 |
| 120250.515100.12 | 168,896 | 143,885 | 65,432 | 65,365 | 62,672 | 70,795 | 63,542 | 156,989 | 149,898 | 159,699 | 173,957 | 161,428 | 1,442,567 |
| 120251.515100.12 | 29,789 | 28,834 | 30,849 | 30,101 | 27,205 | 30,101 | 29,136 | 30,101 | 39,846 | 41,133 | 41,133 | 38,786 | 397,013 |
| 120252.515100.13 | 91,041 | 88,144 | 91,041 | 99,472 | 91,644 | 99,472 | 85,224 | 87,300 | 85,224 | 87,300 | 87,300 | 85,224 | 1,078,385 |
| 123201.515100.13 | 10,352 | 10,178 | 10,517 | 10,559 | 9,539 | 10,559 | 10,219 | 10,559 | 10,219 | 10,559 | 10,559 | 10,219 | 124,038 |
| | 418,335 | 369,263 | 290,798 | 298,748 | 280,732 | 308,875 | 282,339 | 395,585 | 391,287 | 411,653 | 438,244 | 411,729 | 4,297,587 |
| | 418,335 | 369,263 | 290,798 | 298,748 | 280,732 | 308,875 | 282,339 | 395,585 | 391,287 | 411,653 | 438,244 | 411,729 | 4,297,587 |

| | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| SODIUM HYDROXIDE 30% (Wet Weight) | | | | | | | | | | | | |
| LBS/MG | 123.38 | 292.70 | 341.69 | 303.18 | 535.23 | 311.81 | 302.93 | 116.99 | 0.00 | 0.00 | 0.00 | 191.7 |
| TOTAL LBS | 2.870 | 6.588 | 7.947 | 7.051 | 11.244 | 7.252 | 6.818 | 2.721 | 0 | 0 | 0 | 52490 |
| COST/LB | \$0.15000 | \$0.15000 | \$0.15000 | \$0.15150 | \$0.15150 | \$0.15150 | \$0.15150 | \$0.15150 | \$0.15150 | \$0.15150 | \$0.15150 | \$0.15100 |
| TOTAL COST | \$430 | \$988 | \$1,192 | \$1,068 | \$1,703 | \$1,099 | \$1,033 | \$412 | \$0 | \$0 | \$0 | \$7,926 |
| COST/MG | \$18.51 | \$43.91 | \$51.25 | \$45.93 | \$81.09 | \$47.24 | \$45.89 | \$17.72 | \$0.00 | \$0.00 | \$0.00 | \$28.94 |
| SODIUM HYDROXIDE 50% (Wet Weight) | | | | | | | | | | | | |
| LBS/MG | 123.38 | 0 | 0 | 0 | 0 | 0 | 0 | 116.99 | 196.92 | 162.77 | 172.60 | 82.5 |
| TOTAL LBS | 2.870 | 0 | 0 | 0 | 0 | 0 | 0 | 2.721 | 4.432 | 3.786 | 4.014 | 4.802 |
| COST/LB | \$0.16000 | \$0.16000 | \$0.16000 | \$0.16160 | \$0.16160 | \$0.16160 | \$0.16160 | \$0.16160 | \$0.16160 | \$0.16160 | \$0.16160 | \$0.16140 |
| TOTAL COST | \$459 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$440 | \$716 | \$612 | \$649 | \$3,651 |
| COST/MG | \$19.74 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$18.90 | \$31.82 | \$26.30 | \$27.89 | \$13.33 |
| SODIUM PERMANGANATE (Wet Weight) | | | | | | | | | | | | |
| LBS/MG | 53.26 | 52.02 | 44.32 | 33.35 | 15.15 | 12.73 | 21.54 | 7.19 | 26.51 | 40.86 | 72.18 | 34.5 |
| TOTAL LBS | 1239 | 1171 | 1031 | 776 | 318 | 296 | 485 | 167 | 597 | 950 | 1679 | 751 |
| COST/LB | \$0.95000 | \$0.95000 | \$0.95000 | \$0.98365 | \$0.98365 | \$0.98365 | \$0.98365 | \$0.98365 | \$0.98365 | \$0.98365 | \$0.98365 | \$0.97323 |
| TOTAL COST | \$1,183 | \$1,118 | \$984 | \$763 | \$313 | \$291 | \$477 | \$165 | \$587 | \$935 | \$1,651 | \$739 |
| COST/MG | \$50.86 | \$49.66 | \$42.33 | \$22.81 | \$14.90 | \$12.32 | \$21.16 | \$7.06 | \$26.07 | \$40.19 | \$71.00 | \$33.62 |
| SULFURIC ACID (38%) (Wet Weight) | | | | | | | | | | | | |
| LBS/MG | 117.25 | 314.07 | 192.43 | 183.88 | 183.77 | 188.83 | 41.54 | 43.78 | 42.87 | 64.70 | 118.15 | 132.4 |
| TOTAL LBS | 2,727 | 7,069 | 4,475 | 4,277 | 3,860 | 4,392 | 935 | 1,018 | 965 | 1,505 | 2,748 | 3,624 |
| COST/LB | \$0.22000 | \$0.22000 | \$0.22000 | \$0.22440 | \$0.22440 | \$0.22440 | \$0.22440 | \$0.22440 | \$0.22440 | \$0.22440 | \$0.22440 | \$0.22267 |
| TOTAL COST | \$600 | \$1,555 | \$985 | \$960 | \$866 | \$985 | \$210 | \$228 | \$217 | \$338 | \$617 | \$8,070 |
| COST/MG | \$25.80 | \$69.10 | \$42.33 | \$41.26 | \$41.24 | \$42.37 | \$9.32 | \$9.82 | \$9.62 | \$14.52 | \$26.51 | \$29.47 |
| JDE CORRECTIONS | | | | | | | | | | | | |
| TOTAL NORTHERN DIVISION | | | | | | | | | | | | |
| LBS/MG | 1308.4 | 1601.8 | 1501.0 | 1362.6 | 2238.9 | 1531.8 | 1200.6 | 994.1 | 1268.0 | 996.3 | 1217.1 | 1085.4 |
| TOTAL LBS | 30,431 | 36,053 | 34,910 | 31,691 | 47,032 | 35,626 | 27,023 | 23,120 | 28,539 | 23,172 | 28,308 | 24,429 |
| COST/LB | \$0.32776 | \$0.31485 | \$0.30190 | \$0.31337 | \$0.28992 | \$0.30167 | \$0.29559 | \$0.30177 | \$0.32576 | \$0.35366 | \$0.35236 | \$0.33204 |
| TOTAL COST | \$9,974 | \$11,351 | \$10,539 | \$9,931 | \$13,636 | \$10,747 | \$7,968 | \$6,977 | \$9,297 | \$8,195 | \$9,975 | \$8,111 |
| COST/MG | \$428.85 | \$504.33 | \$453.16 | \$427.01 | \$649.12 | \$482.09 | \$354.89 | \$299.99 | \$413.07 | \$352.36 | \$428.87 | \$360.39 |
| 123017.518000.13 | | | | | | | | | | | | |

KENTUCKY RIVER POOL 3 PLANT

2010/2011 BUDGET

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | TOTAL |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| LOW SERVICE PUMPAGE (MG) | 175,066 | 169,419 | 175,066 | 175,066 | 155,124 | 175,066 | 169,419 | 175,066 | 169,419 | 175,066 | 175,066 | 169,419 | 2,061,265 |
| AMMONIA (Dry Weight) | 8.23 | 11.55 | 9.25 | 8.77 | 9.10 | 9.13 | 6.09 | 7.58 | 8.33 | 8.85 | 8.43 | 8.87 | 8.7 |
| TOTAL LBS | 1,441 | 1,957 | 1,619 | 1,535 | 1,439 | 1,598 | 1,031 | 1,328 | 1,411 | 1,550 | 1,477 | 1,503 | 17,889 |
| COST/LB | \$0.15000 | \$0.15000 | \$0.15000 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 | \$0.15450 |
| TOTAL COST | \$216 | \$293 | \$243 | \$237 | \$222 | \$247 | \$159 | \$205 | \$213 | \$239 | \$228 | \$232 | \$2,741 |
| COST/IMG | \$1.23 | \$1.73 | \$1.39 | \$1.36 | \$1.41 | \$1.41 | \$0.94 | \$1.17 | \$1.28 | \$1.37 | \$1.37 | \$1.37 | \$1.33 |
| CARBON (Dry Weight) | 9.70 | 0.00 | 0.00 | 1.01 | 0.06 | 0.00 | 0.00 | 0.01 | 3.32 | 3.09 | 0.00 | 3.01 | 1.7 |
| TOTAL LBS | 1,697 | 0 | 0 | 177 | 0 | 0 | 0 | 2 | 563 | 541 | 0 | 510 | 3,498 |
| COST/LB | \$0.86000 | \$0.86000 | \$0.86000 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 | \$0.86580 |
| TOTAL COST | \$1,460 | \$0 | \$0 | \$157 | \$0 | \$0 | \$0 | \$2 | \$498 | \$479 | \$0 | \$451 | \$3,055 |
| COST/IMG | \$8.34 | \$0.00 | \$0.00 | \$0.89 | \$0.05 | \$0.00 | \$0.00 | \$0.01 | \$2.94 | \$2.74 | \$0.00 | \$2.66 | \$1.48 |
| CHLORINE (Dry Weight) | 57.91 | 55.70 | 48.48 | 48.48 | 46.78 | 46.78 | 48.13 | 49.95 | 56.15 | 60.06 | 62.73 | 60.57 | 53.7 |
| TOTAL LBS | 10,138 | 9,437 | 8,793 | 8,468 | 7,397 | 7,397 | 8,154 | 8,744 | 10,514 | 10,982 | 10,982 | 10,261 | 110,610 |
| COST/LB | \$0.19000 | \$0.19000 | \$0.19000 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 | \$0.19570 |
| TOTAL COST | \$1,928 | \$1,793 | \$1,671 | \$1,651 | \$1,448 | \$1,448 | \$1,596 | \$1,711 | \$2,062 | \$2,149 | \$2,149 | \$2,008 | \$21,485 |
| COST/IMG | \$11.00 | \$10.58 | \$9.54 | \$9.49 | \$8.15 | \$8.15 | \$9.42 | \$9.77 | \$10.99 | \$11.75 | \$12.28 | \$11.85 | \$10.42 |
| COPPER SULFATE (Dry Weight) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL LBS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COST/LB | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| TOTAL COST | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COST/IMG | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| CORROSION INHIBITOR (Wet Weight) | 30.49 | 35.02 | 37.28 | 27.79 | 30.32 | 27.85 | 27.63 | 29.65 | 29.81 | 28.25 | 26.25 | 28.99 | 29.9 |
| TOTAL LBS | 5,338 | 5,933 | 6,526 | 4,865 | 4,794 | 4,876 | 4,681 | 5,191 | 5,067 | 4,945 | 4,595 | 4,912 | 61,723 |
| COST/LB | \$0.46900 | \$0.46900 | \$0.46900 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 | \$0.42458 |
| TOTAL COST | \$2,450 | \$2,723 | \$3,055 | \$2,068 | \$2,035 | \$2,070 | \$1,987 | \$2,204 | \$2,151 | \$2,100 | \$1,951 | \$2,086 | \$26,819 |
| COST/IMG | \$14.00 | \$16.07 | \$17.11 | \$11.80 | \$12.87 | \$11.83 | \$11.73 | \$12.59 | \$12.70 | \$11.99 | \$11.14 | \$12.31 | \$13.01 |
| FERRIC CHLORIDE (Dry Weight) | 295.32 | 117.08 | 56.81 | 38.02 | 26.84 | 5.51 | 19.59 | 13.89 | 28.75 | 60.92 | 232.46 | 307.92 | 100.6 |
| TOTAL LBS | 51,701 | 19,836 | 9,945 | 6,655 | 4,213 | 965 | 3,318 | 2,432 | 4,872 | 10,665 | 40,696 | 52,167 | 207,464 |
| COST/LB | \$0.33000 | \$0.33000 | \$0.33000 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 | \$0.32670 |
| TOTAL COST | \$17,061 | \$6,546 | \$3,282 | \$2,174 | \$1,376 | \$315 | \$1,094 | \$794 | \$1,592 | \$3,484 | \$13,295 | \$17,043 | \$68,048 |
| COST/IMG | \$97.46 | \$38.64 | \$18.75 | \$12.42 | \$8.70 | \$1.80 | \$6.40 | \$4.54 | \$9.39 | \$19.90 | \$75.94 | \$100.60 | \$33.01 |
| FLUORIDE (Wet Weight) | 36.25 | 39.24 | 39.40 | 39.08 | 39.27 | 37.79 | 39.99 | 40.42 | 39.81 | 41.45 | 39.79 | 36.71 | 39.1 |
| TOTAL LBS | 6,345 | 6,648 | 6,897 | 6,842 | 6,209 | 6,615 | 6,775 | 7,076 | 6,745 | 7,256 | 6,966 | 6,220 | 80,595 |
| COST/LB | \$0.32000 | \$0.32000 | \$0.32000 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 | \$0.32640 |
| TOTAL COST | \$2,031 | \$2,127 | \$2,207 | \$2,233 | \$2,027 | \$2,159 | \$2,211 | \$2,310 | \$2,202 | \$2,368 | \$2,274 | \$2,030 | \$26,179 |
| COST/IMG | \$11.60 | \$12.56 | \$12.61 | \$12.76 | \$12.82 | \$12.33 | \$13.05 | \$13.19 | \$13.00 | \$13.53 | \$12.99 | \$11.98 | \$12.70 |
| PACL (Wet Weight) | 181.55 | 143.28 | 312.92 | 296.40 | 232.98 | 222.82 | 242.45 | 217.17 | 247.67 | 182.81 | 223.21 | 184.25 | 224.1 |
| TOTAL LBS | 31,763 | 24,275 | 54,782 | 51,889 | 36,840 | 39,009 | 41,075 | 38,020 | 41,961 | 32,005 | 39,077 | 31,215 | 461,930 |
| COST/LB | \$0.17900 | \$0.17900 | \$0.17900 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 | \$0.18437 |
| TOTAL COST | \$5,689 | \$4,345 | \$9,806 | \$9,567 | \$6,792 | \$7,189 | \$7,573 | \$7,010 | \$7,736 | \$5,901 | \$7,205 | \$5,755 | \$84,571 |
| COST/IMG | \$32.50 | \$25.65 | \$56.01 | \$54.65 | \$42.85 | \$41.08 | \$44.70 | \$40.04 | \$45.66 | \$33.71 | \$41.15 | \$33.97 | \$41.03 |
| POLYMERS NO 1 (Wet Weight) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL LBS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COST/LB | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| TOTAL COST | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COST/IMG | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| POLYMERS NO 2 (Dry Weight) | 0.97 | 1.39 | 1.22 | 1.78 | 1.40 | 1.64 | 1.20 | 1.43 | 1.20 | 1.02 | 0.78 | 1.16 | 1.3 |
| TOTAL LBS | 170 | 235 | 214 | 311 | 221 | 288 | 203 | 250 | 204 | 179 | 136 | 197 | 2,608 |
| COST/LB | \$0.79500 | \$0.79500 | \$0.79500 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 |
| TOTAL COST | \$135 | \$187 | \$170 | \$252 | \$180 | \$233 | \$165 | \$203 | \$165 | \$145 | \$111 | \$159 | \$2,105 |
| COST/IMG | \$0.77 | \$1.10 | \$0.97 | \$1.44 | \$1.14 | \$1.33 | \$0.97 | \$1.16 | \$0.97 | \$0.85 | \$0.63 | \$0.94 | \$1.02 |
| POTASSIUM PERMANGANATE (Dry Weight) | 2.12 | 0.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.58 | 0.95 | 0.40 | 0.05 | 0.4 |
| TOTAL LBS | 371 | 46 | 0 | 0 | 0 | 0 | 0 | 0 | 99 | 166 | 69 | 9 | 761 |
| COST/LB | \$2.50000 | \$2.50000 | \$2.50000 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.62650 | \$2.59453 |
| TOTAL COST | \$947 | \$117 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$260 | \$436 | \$182 | \$24 | \$1,966 |
| COST/IMG | \$5.41 | \$0.69 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$1.54 | \$2.49 | \$1.04 | \$0.14 | \$0.95 |
| SODIUM CHLORIDE (Dry Weight) | 2.94 | 3.66 | 4.22 | 3.98 | 4.27 | 4.58 | 2.89 | 1.71 | 4.19 | 2.34 | 2.72 | 3.49 | 3.4 |
| TOTAL LBS | 514 | 630 | 739 | 696 | 675 | 802 | 489 | 300 | 711 | 410 | 476 | 591 | 7,025 |
| COST/LB | \$0.18000 | \$0.18000 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 |
| TOTAL COST | \$93 | \$112 | \$133 | \$129 | \$125 | \$149 | \$91 | \$56 | \$132 | \$76 | \$88 | \$110 | \$1,292 |
| COST/IMG | \$0.53 | \$0.66 | \$0.76 | \$0.74 | \$0.79 | \$0.85 | \$0.54 | \$0.32 | \$0.78 | \$0.43 | \$0.50 | \$0.65 | \$0.63 |

| | | | | | | | | | | | | | |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| SODIUM HYDROXIDE 25% | | | | | | | | | | | | | |
| (Wet Weight) | 179.06 | 64.83 | 22.67 | 40.96 | 31.98 | 25.37 | 66.38 | 51.85 | 50.18 | 82.05 | 176.38 | 187.28 | 82.0 |
| TOTAL LBS | 31,347 | 10,983 | 3,969 | 7,171 | 5,056 | 4,441 | 11,247 | 9,076 | 8,502 | 14,363 | 31,229 | 31,729 | 168,113 |
| COST/LB | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 | \$0.06000 |
| TOTAL COST | \$1,881 | \$659 | \$238 | \$435 | \$306 | \$269 | \$682 | \$550 | \$515 | \$870 | \$1,892 | \$1,923 | \$10,220 |
| COST/MG | \$10.74 | \$3.89 | \$1.36 | \$2.48 | \$1.94 | \$1.54 | \$4.02 | \$3.14 | \$3.04 | \$4.97 | \$10.81 | \$11.35 | \$4.96 |
| SODIUM HYDROXIDE 50% | | | | | | | | | | | | | |
| (Wet Weight) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LBS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COST/LB | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 | \$0.08000 |
| TOTAL COST | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COST/MG | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SODIUM PERMANGANATE | | | | | | | | | | | | | |
| (Wet Weight) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LBS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COST/LB | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| TOTAL COST | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COST/MG | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SULFURIC ACID (38%) | | | | | | | | | | | | | |
| (Wet Weight) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LBS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COST/LB | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| TOTAL COST | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COST/MG | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| JDE CORRECTIONS | | | | | | | | | | | | | |
| TOTAL KY RIVER | 805 | 472 | 534 | 506 | 423 | 381 | 454 | 414 | 470 | 472 | 775 | 822 | 544.9 |
| TOTAL LBS | 140,846 | 79,989 | 93,485 | 88,630 | 66,855 | 66,783 | 76,973 | 72,419 | 79,647 | 82,593 | 135,703 | 139,313 | 1,123,217 |
| COST/LB | \$0.24061 | \$0.23638 | \$0.22191 | \$0.21337 | \$0.21719 | \$0.21319 | \$0.20199 | \$0.20774 | \$0.21760 | \$0.21982 | \$0.21647 | \$0.22841 | \$0.22122 |
| TOTAL COST | \$33,889 | \$18,903 | \$20,745 | \$18,911 | \$14,520 | \$14,238 | \$15,547 | \$15,044 | \$17,331 | \$18,156 | \$29,375 | \$31,821 | \$248,481 |
| COST/MG | \$193.88 | \$111.57 | \$118.50 | \$108.02 | \$91.83 | \$81.33 | \$91.77 | \$85.93 | \$102.30 | \$103.71 | \$167.80 | \$187.82 | \$120.55 |
| 123201.518000.13 | | | | | | | | | | | | | |

TOTAL COMPANY

2010/2011 BUDGET
Bid Dollars

| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | TOTAL |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| LOW SERVICE PUMPAGE (MG) | 1,365,087 | 1,145,880 | 1,095,051 | 1,088,797 | 1,011,952 | 1,136,522 | 1,055,045 | 1,245,423 | 1,293,208 | 1,386,203 | 1,511,519 | 1,400,542 | 14,741,220 |
| AMMONIA (Dry Weight) | 8.3 | 12.5 | 9.0 | 8.8 | 8.1 | 9.5 | 5.7 | 7.6 | 10.1 | 10.5 | 9.4 | 10.5 | 92 |
| TOTAL LBS | 11,353 | 14,365 | 9,861 | 9,582 | 8,242 | 10,746 | 6,001 | 9,440 | 13,082 | 13,862 | 14,274 | 14,639 | 136,095 |
| COST/LB | \$0.35075 | \$0.34867 | \$0.34867 | \$0.34867 | \$0.35002 | \$0.35002 | \$0.35002 | \$0.35002 | \$0.35002 | \$0.35002 | \$0.35002 | \$0.35002 | \$0.35002 |
| TOTAL COST | \$3,975 | \$5,009 | \$3,375 | \$3,391 | \$2,885 | \$3,768 | \$2,105 | \$3,300 | \$4,586 | \$4,854 | \$5,002 | \$5,137 | \$48,659 |
| COST/MG | \$2.91 | \$4.37 | \$3.08 | \$3.11 | \$2.85 | \$3.37 | \$2.04 | \$2.65 | \$3.58 | \$3.50 | \$3.34 | \$3.66 | \$33.30 |
| CARBON (Dry Weight) | 9.6 | 1.7 | 1.7 | 2.2 | 1.7 | 1.6 | 1.8 | 1.8 | 3.8 | 3.4 | 1.2 | 4.7 | 44.989 |
| TOTAL LBS | 13,110 | 1,910 | 1,914 | 2,351 | 1,749 | 1,844 | 1,890 | 2,202 | 4,892 | 4,896 | 1,780 | 6,650 | 44,989 |
| COST/LB | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 | \$0.8530 |
| TOTAL COST | \$11,184 | \$1,629 | \$1,629 | \$2,006 | \$1,493 | \$1,571 | \$1,607 | \$1,880 | \$4,167 | \$4,174 | \$1,518 | \$5,666 | \$38,127 |
| COST/MG | \$8.19 | \$1.42 | \$1.49 | \$1.68 | \$1.52 | \$1.43 | \$1.58 | \$1.56 | \$3.31 | \$2.97 | \$1.03 | \$4.18 | \$2.65 |
| CHLORINE (Dry Weight) | 58.7 | 57.1 | 51.1 | 52.5 | 49.6 | 50.6 | 54.0 | 53.1 | 61.8 | 63.1 | 64.9 | 59.5 | 56.9 |
| TOTAL LBS | 80,145 | 66,437 | 55,982 | 57,179 | 50,197 | 57,537 | 56,944 | 66,164 | 80,320 | 87,525 | 98,125 | 83,309 | 838,863 |
| COST/LB | \$0.19211 | \$0.19223 | \$0.19179 | \$0.19805 | \$0.19856 | \$0.19772 | \$0.19772 | \$0.19787 | \$0.19783 | \$0.19730 | \$0.19716 | \$0.19739 | \$0.19632 |
| TOTAL COST | \$15,397 | \$12,779 | \$10,736 | \$11,324 | \$9,967 | \$11,379 | \$11,259 | \$13,092 | \$15,889 | \$17,268 | \$19,346 | \$16,445 | \$164,682 |
| COST/MG | \$11.28 | \$10.98 | \$9.80 | \$10.40 | \$9.85 | \$10.01 | \$10.67 | \$10.51 | \$12.23 | \$12.46 | \$12.80 | \$11.74 | \$11.17 |
| COPPER SULFATE (Dry Weight) | 0.6 | 3.0 | 2.4 | 1.3 | 40.0 | 3.5 | 0.0 | 2.6 | 0.0 | 4.3 | 0.0 | 2.1 | 1.7 |
| TOTAL LBS | 844 | 3456 | 2596 | 1,428 | 0 | 3956 | 0 | 3226 | 0 | 6016 | 0 | 2898 | 24,419 |
| COST/LB | \$1.37020 | \$1.37020 | \$1.36000 | \$1.40800 | \$0.00000 | \$1.40988 | \$0.00000 | \$1.41206 | \$0.00000 | \$1.40684 | \$0.00000 | \$1.41333 | \$1.39667 |
| TOTAL COST | \$1,148 | \$4,738 | \$3,530 | \$2,000 | \$0 | \$5,577 | \$0 | \$4,555 | \$0 | \$8,463 | \$0 | \$4,096 | \$34,106 |
| COST/MG | \$0.84 | \$4.13 | \$3.22 | \$1.84 | \$0.00 | \$4.91 | \$0.00 | \$3.66 | \$0.00 | \$6.11 | \$0.00 | \$2.92 | \$2.31 |
| CORROSION INHIBITOR (Wet Weight) | 30.0 | 32.6 | 28.0 | 28.0 | 27.8 | 26.4 | 27.3 | 35.123 | 28.3 | 27.8 | 26.0 | 29.7 | 28.8 |
| TOTAL LBS | 40,949 | 37,409 | 37,541 | 30,481 | 28,093 | 30,048 | 28,822 | 35,123 | 36,759 | 38,572 | 39,350 | 41,580 | 424,728 |
| COST/LB | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 | \$0.45900 |
| TOTAL COST | \$18,796 | \$17,171 | \$17,231 | \$12,942 | \$12,928 | \$13,928 | \$13,237 | \$16,123 | \$16,877 | \$17,677 | \$18,065 | \$19,088 | \$184,319 |
| COST/MG | \$13.77 | \$14.98 | \$15.74 | \$11.89 | \$11.79 | \$12.75 | \$11.60 | \$11.97 | \$12.01 | \$11.81 | \$11.05 | \$12.60 | \$12.50 |
| FERRIC CHLORIDE (Wet Weight) | 227.5 | 100.2 | 56.0 | 40.0 | 46.1 | 22.0 | 28.8 | 24.6 | 33.5 | 49.4 | 168.2 | 213.3 | 90.1 |
| TOTAL LBS | 310,528 | 114,769 | 61,343 | 43,595 | 46,671 | 25,054 | 30,416 | 30,627 | 43,465 | 68,546 | 254,232 | 298,739 | 1,327,584 |
| COST/LB | \$0.19684 | \$0.17870 | \$0.20748 | \$0.21587 | \$0.24892 | \$0.28163 | \$0.24167 | \$0.21683 | \$0.22257 | \$0.18207 | \$0.17556 | \$0.15463 | \$0.17467 |
| TOTAL COST | \$61,642 | \$20,509 | \$12,726 | \$9,411 | \$11,659 | \$7,061 | \$7,361 | \$6,702 | \$9,674 | \$12,480 | \$43,948 | \$45,693 | \$231,957 |
| COST/MG | \$36.63 | \$17.90 | \$11.62 | \$8.64 | \$11.52 | \$6.21 | \$6.97 | \$6.38 | \$7.45 | \$9.00 | \$26.16 | \$32.98 | \$15.74 |
| FLUORIDE (Wet Weight) | 38.2 | 39.9 | 37.6 | 39.2 | 38.2 | 38.3 | 39.5 | 49.922 | 40.1 | 42.3 | 39.1 | 40.4 | 39.5 |
| TOTAL LBS | 52,205 | 45,764 | 41,186 | 42,669 | 38,639 | 43,549 | 41,711 | 49,922 | 52,147 | 58,579 | 59,134 | 56,547 | 582,052 |
| COST/LB | \$0.32145 | \$0.32172 | \$0.32851 | \$0.32885 | \$0.32851 | \$0.32851 | \$0.32877 | \$0.32790 | \$0.32827 | \$0.32792 | \$0.32795 | \$0.32795 | \$0.32663 |
| TOTAL COST | \$16,781 | \$14,706 | \$13,520 | \$14,032 | \$12,693 | \$14,309 | \$13,713 | \$16,369 | \$17,119 | \$19,210 | \$19,387 | \$18,545 | \$190,115 |
| COST/MG | \$12.29 | \$12.83 | \$12.10 | \$12.89 | \$12.54 | \$12.59 | \$13.00 | \$13.14 | \$13.18 | \$13.86 | \$12.83 | \$13.24 | \$12.90 |
| PACL (Wet Weight) | 223.8 | 213.4 | 334.9 | 350.7 | 278.1 | 274.0 | 283.3 | 256.5 | 275.9 | 223.9 | 274.4 | 219.4 | 264.5 |
| TOTAL LBS | 305,535 | 244,523 | 366,753 | 381,805 | 281,382 | 311,436 | 298,886 | 319,447 | 355,459 | 310,381 | 414,813 | 307,240 | 3,900,861 |
| COST/LB | \$0.147 | \$0.147 | \$0.147 | \$0.147 | \$0.153 | \$0.153 | \$0.153 | \$0.153 | \$0.153 | \$0.152 | \$0.152 | \$0.152 | \$0.15154 |
| TOTAL COST | \$45,109 | \$36,061 | \$54,730 | \$56,000 | \$43,063 | \$47,599 | \$45,812 | \$48,751 | \$54,679 | \$47,190 | \$62,934 | \$46,695 | \$591,122 |
| COST/MG | \$33.05 | \$31.47 | \$49.98 | \$53.73 | \$42.55 | \$41.88 | \$43.42 | \$39.14 | \$42.09 | \$34.04 | \$41.64 | \$33.34 | \$40.10 |
| POLYMER NO 1 (Wet Weight) | 15.3 | 16.9 | 14.9 | 15.0 | 13.9 | 15.9 | 16.1 | 16.4 | 15.3 | 16.1 | 17.3 | 19.3 | 16.1 |
| TOTAL LBS | 20,903 | 19,352 | 16,293 | 16,332 | 14,086 | 18,118 | 16,966 | 20,417 | 19,840 | 22,377 | 26,075 | 27,005 | 237,764 |
| COST/LB | \$0.2739 | \$0.2770 | \$0.2735 | \$0.28114 | \$0.2843 | \$0.2811 | \$0.2806 | \$0.2812 | \$0.2820 | \$0.2790 | \$0.2796 | \$0.2795 | \$0.27931 |
| TOTAL COST | \$5,725 | \$5,361 | \$4,457 | \$4,592 | \$4,005 | \$5,083 | \$4,762 | \$5,742 | \$5,594 | \$6,242 | \$7,291 | \$7,548 | \$66,411 |
| COST/MG | \$4.19 | \$4.68 | \$4.07 | \$4.22 | \$3.96 | \$4.48 | \$4.51 | \$4.61 | \$4.31 | \$4.50 | \$4.82 | \$5.39 | \$4.51 |
| POLYMER NO 2 (Dry Weight) | 0.7 | 0.9 | 0.8 | 1.2 | 0.9 | 1.1 | 0.8 | 1.0 | 0.9 | 0.7 | 0.5 | 0.8 | 0.8 |
| TOTAL LBS | 961 | 1,087 | 882 | 1,269 | 943 | 1,253 | 830 | 1,246 | 989 | 913 | 795 | 1,073 | 1,224 |
| COST/LB | \$0.7950 | \$0.7950 | \$0.7950 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 | \$0.81090 |
| TOTAL COST | \$764 | \$864 | \$701 | \$1,029 | \$765 | \$1,016 | \$673 | \$1,010 | \$802 | \$740 | \$644 | \$870 | \$988 |
| COST/MG | \$0.56 | \$0.75 | \$0.64 | \$0.96 | \$0.76 | \$0.89 | \$0.64 | \$0.81 | \$0.62 | \$0.53 | \$0.43 | \$0.62 | \$0.67 |
| POTASSIUM PERMANGANATE (Dry Weight) | 1.9 | 1.2 | 1.3 | 1.9 | 1.4 | 1.4 | 1.9 | 1.1 | 1.1 | 1.1 | 0.9 | 1.3 | 1.3 |
| TOTAL LBS | 2,533 | 1,357 | 1,387 | 2,090 | 1,417 | 1,584 | 2,022 | 1,354 | 1,142 | 1,563 | 1,313 | 2,036 | 19,797 |
| COST/LB | \$2.6878 | \$2.5724 | \$2.5704 | \$2.64737 | \$2.6475 | \$2.6475 | \$2.6474 | \$2.6475 | \$2.6862 | \$2.6862 | \$2.6543 | \$2.6862 | \$2.68123 |
| TOTAL COST | \$6,795 | \$3,492 | \$3,564 | \$5,534 | \$3,752 | \$4,194 | \$5,352 | \$3,584 | \$3,033 | \$4,155 | \$3,484 | \$5,392 | \$52,091 |
| COST/MG | \$4.80 | \$3.05 | \$3.25 | \$5.08 | \$3.71 | \$3.69 | \$5.07 | \$2.88 | \$2.33 | \$3.00 | \$2.30 | \$3.85 | \$3.53 |
| SODIUM CHLORIDE (Dry Weight) | 3.6 | 4.1 | 4.1 | 4.8 | 4.3 | 5.2 | 3.4 | 3.1 | 4.3 | 3.4 | 3.4 | 4.6 | 4.0 |
| TOTAL LBS | 4,906 | 4,671 | 4,848 | 4,736 | 4,318 | 5,934 | 3,545 | 3,845 | 5,648 | 4,688 | 4,537 | 6,488 | 58,573 |
| COST/LB | \$0.18000 | \$0.18000 | \$0.18000 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18540 | \$0.18403 |
| TOTAL COST | \$883 | \$841 | \$872 | \$878 | \$801 | \$1,100 | \$657 | \$713 | \$1,047 | \$869 | \$841 | \$1,203 | \$10,779 |
| COST/MG | \$0.65 | \$0.73 | \$0.86 | \$0.81 | \$0.79 | \$0.97 | \$0.62 | \$0.57 | \$0.81 | \$0.63 | \$0.56 | \$0.86 | \$0.73 |

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 8:

Provide the account and subaccount where the FIN 48 funds associated with the tax accounting change were recorded.

Response:

The FIN 48 reserve was charged to accounts 265800- FIN 48 Reserve–Federal and 265810 – FIN 48 Reserve-State.

For the electronic version, refer to KAW_R_PSchDR1#8_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 9:

Provide the account and dollar amount where the interest associated with the FIN 48 tax accounting change were recorded.

Response:

The interest, in the amount of \$12,915, associated with the FIN 48 tax accounting change was recorded in account 690110 Fit current and 265800 FIN 58 Reserve Federal.

For the electronic version, refer to KAW_R_PSchDR1#9_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 10:

State whether Kentucky American will commit to giving at least \$60,000 or more each year in shareholder contributions to H2O.

Response:

KAW has committed \$60,000 for 2010 and would expect to continue at that level as long as the customer need is at that level and as long as KAW continues to use the CAC to administer its customer assistance program.

For the electronic version, refer to KAW_R_PSCHDR1#10_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 11:

Provide workpapers demonstrating that removal of 25 basis points from the requested ROE reduces the Company's revenues by \$656,000.

Response:

The attached working papers reflect a difference of \$659,162 in the revenue requirement due to the change of 25 basis points in the requested ROE.

For the electronic version, refer to KAW_R_PSchDR1#11_082010.pdf.

KAWC

PROPOSED CASE

| | | | | | |
|-----------------------|-------------|--------------------------------------|--------------|------------------------------------|------------|
| FIT | \$9,380,647 | OPER REVENUE | 94,371,909 | FED TAXABLE BEFORE CNIT | 22,861,033 |
| SIT | 1,690,164 | OPER & MAINT | 35,661,912 | ADJ FOR STATE TX INCOME | 0 |
| RATE BASE | 362,672,028 | DEPR | 11,319,797 | | |
| RATE OF RETURN | 8.5800% | TAXES-OTHER | 5,202,130 | | |
| | | INC BEFORE SD | 42,188,071 | SUBTOTAL | 22,861,033 |
| RETURN | 31,117,260 | Interest Charges | 12,294,582 | | |
| | | Book Depreciation | (11,086,076) | TAX | |
| | | Tax Depreciation | 18,246,803 | @ 6 % | 1,371,662 |
| | | Non-Deductible Meals | (58,659) | LESS: SURTAX | 0 |
| OPER & MAINT | 35,459,366 | Additional Taxable AFUDC | 533,252 | CURRENT SIT | 1,371,662 |
| DEPR | 11,319,797 | Deferred Debits | (145,856) | Def SIT Regulatory Asset/Liability | 11,460 |
| TAXES-OTHER | 5,160,307 | Amortization of UPAA | (7,614) | Def SIT UPIS | 338,241 |
| FIT | 9,380,647 | Deferred Maintenance | (366,562) | Def SIT Deferred Maintenance | (21,992) |
| SIT | 1,690,164 | Medicare Subsidy | 101,798 | Def SIT Deferred Debits | (9,207) |
| | | Amort Regulatory Assets /Liabilities | (60,244) | Def SIT Property Losses | 0 |
| SUBTOTAL | 94,127,541 | Taxable Advances and CIAC | (1,263,825) | | |
| LESS:CURRENT REVENUES | 68,523,626 | Medicare Subsidy | (185,088) | | |
| DEFICIENCY | 25,603,915 | Repairs Maint | 1,344,527 | | |
| ADDITIONAL O&M | 202,546 | | | | |
| ADDITIONAL TAXES | 41,823 | NET DEDUCTS | 19,327,038 | TOTAL DEFERRED SIT | 318,502 |
| TOTAL ADD REVENUES | 25,848,284 | TAXABLE INCOME | 22,861,033 | TOTAL TAX | 1,690,164 |
| | | LESS: SIT | 1,371,662 | | |
| | | FED TAXABLE | 21,489,371 | | |
| | | STAT RATE | 35.0000% | | |
| | | FIT | 7,521,280 | | |
| | | Def FIT Regulatory Asset/Liability | 260,569 | | |
| | | Def FIT UPIS | 1,854,689 | | |
| | | Def FIT Deferred Maintenance | (120,600) | | |
| | | Def FIT Deferred Debits | (50,494) | | |
| | | Def FIT Property Losses | 0 | | |
| | | Amort Deferred ITC | (84,797) | | |
| | | TOTAL FIT | 9,380,647 | | |
| EFFECTIVE FIT RATE | 35.0000% | | | | |
| EFFECTIVE SIT RATE | 6.0000% | | | | |
| WTD. DEBT COST | 3.3900% | | | | |

KAWC Capitalization Kentucky American Capitalization
25 basis points difference
2010 RATE CASE

| Class of Capital | Reference | 13 mo avg | | % of Total | Add (1) | Adjusted Capital | Cost Rate | 13 Month Average Weighted Cost |
|------------------|-------------|----------------------|----------------------|-----------------|-------------------|----------------------|-----------|--------------------------------|
| | | Net Carrying Amount | Net Carrying Amount | | | | | |
| Short-Term Debt | J-2, Page 1 | \$8,319,538 | \$8,319,538 | 2.315% | \$ 20,031 | \$8,339,569 | 2.08% | 0.05% |
| Long-Term Debt | J-3, Page 1 | \$187,073,668 | \$187,073,668 | 52.060% | \$ 450,463 | \$187,524,131 | 6.41% | 3.34% |
| Preferred Stock | J-4, Page 1 | \$5,935,810 | \$5,935,810 | 1.652% | \$ 14,294 | \$5,950,104 | 7.75% | 0.13% |
| Common Equity | | \$158,013,385 | \$158,013,385 | 43.973% | \$ 380,488 | \$158,393,873 | 11.50% | 5.06% |
| Total Capital | | <u>\$359,342,402</u> | <u>\$359,342,402</u> | <u>100.000%</u> | <u>\$ 865,276</u> | <u>\$360,207,678</u> | | <u>8.580%</u> |

(1) JDITC \$ 865,276

KAWC Capitalization Kentucky American Capitalization
25 basis points difference
2010 RATE CASE

| Class of Capital | Reference | 13 mo avg | | % of Total | Add (1) | Adjusted Capital | Cost Rate | 13 Month Average Weighted Cost |
|------------------|-------------|----------------------|-------------------|------------|-------------------|----------------------|-----------|--------------------------------|
| | | Carrying Amount | Net | | | | | |
| Short-Term Debt | J-2, Page 1 | \$8,319,538 | \$ 20,031 | 2.315% | \$ 20,031 | \$8,339,569 | 2.08% | 0.05% |
| Long-Term Debt | J-3, Page 1 | \$187,073,668 | \$ 450,463 | 52.060% | \$ 450,463 | \$187,524,131 | 6.41% | 3.34% |
| Preferred Stock | J-4, Page 1 | \$5,935,810 | \$ 14,294 | 1.652% | \$ 14,294 | \$5,950,104 | 7.75% | 0.13% |
| Common Equity | | \$158,013,385 | \$ 380,488 | 43.973% | \$ 380,488 | \$158,393,873 | 11.25% | 4.95% |
| Total Capital | | <u>\$359,342,402</u> | <u>\$ 865,276</u> | 100.000% | <u>\$ 865,276</u> | <u>\$360,207,678</u> | | <u>8.470%</u> |

(1) JDITC \$ 865,276

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 12:

Provide a copy of the conservation tariff from Monterrey, California.

Response:

Please see attached.

For the electronic version, refer to KAW_R_PSchDR1#12_082010.pdf.

CALIFORNIA-AMERICAN WATER COMPANY

303 H Street, Suite 250

CHULA VISTA, CALIFORNIA 91910

Revised

C.P.U.C. SHEET NO. 4173-W

CANCELLING

Revised

C.P.U.C. SHEET NO. 2932-W

Schedule No. MO - 8
Monterey Division

WATER CONSERVATION PLAN

APPLICABILITY

This schedule applies to all water customers of the Monterey Division of the California-American Water Company served under rate schedules authorized by the Commission, except for customers supplied by water which draw on the Laguna Seca Water Basin. It is effective only in times of mandatory conservation or rationing as required by Rule No. 14.1, and only for the periods noted in the Special Conditions section below.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, and certain unincorporated areas in the County of Monterey, except for Hidden Hills, Ryan Ranch, Ambler Park Water Company and Bishop Water Company areas.

OUTSIDE WATERING LIMITATIONS

Use of water for outside plants, lawns, landscape, and turf areas will be allowed only on Saturdays, Sundays, Wednesdays, and Thursdays. In addition, use of water for outside plants, lawns, landscape, and turf areas will be allowed only on even-numbered days (even-numbered days, for this purpose, are the calendar dates, i.e., the second, fourth, etc.) for residences and commercial establishments with street numbers ending in an even number. Use will be allowed only on odd-numbered days (odd-numbered days, for this purpose, are the calendar dates, i.e., the first, third, etc.) for residences and commercial establishments with street numbers ending in an odd number. In those areas where houses and businesses do not have street numbers, houses and businesses located on the north and east side of streets will be considered to have odd numbers, and houses and businesses located on the south and west sides of the street will be considered to have even numbers.

The limitations on outside watering are in addition to the limitations pertaining to time-of-day watering as defined in Rule 14.1 under the customers' responsibilities.

SPECIAL CONDITIONS

1. This tariff shall remain in effect as long as Rule 14.1 is in effect for the Monterey Division.
2. Laundries, health-care facilities (except for significant landscaping), and commercial car washes that use 50% or more recycled water shall be exempt from mandatory conservation.
3. Golf courses using over 75% reclaimed water are exempt from mandatory conservation.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 573

DECISION NO. 03-02-030

ISSUED BY

D. P. STEPHENSON

NAME

DIRECTOR - RATES & PLANNING

TITLE

(TO BE INSERTED BY C.P.U.C.)

DATE FILED FEB 18 2003

EFFECTIVE FEB 23 2003

RESOLUTION NO. _____

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO. 5772-W

CANCELING

Revised

C.P.U.C. SHEET NO. 5758-W

Schedule No. MO-1
Monterey District Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates and vicinity and certain unincorporated areas in the County of Monterey.

RATES

Quantity Rates:

| Base Rate Per 10 cf | Interim Rate True-Up | Total Rate |
|------------------------|-------------------------|---------------|
|------------------------|-------------------------|---------------|

MONTEREY MAIN SYSTEM

Residential & Multi-Residential Customers:

| | | | | |
|---|----------|----------|----------|-----|
| For the first 10 cu. ft. x Customer Allotment | \$0.2790 | \$0.0000 | \$0.2790 | (I) |
| or the second 10 cu. ft. x Customer Allotment..... | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| For the third 10 cu. ft. x Customer Allotment | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| For the fourth 10 cu. ft. x Customer Allotment..... | \$1.4821 | \$0.1408 | \$1.6229 | (I) |
| All Water over 40 cu. ft. x Customer Allotment..... | \$2.5936 | \$0.2463 | \$2.8399 | (I) |

Non-Residential Customers:

| | | | | |
|---|----------|----------|----------|-----|
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| Block 2: For the next 15% of monthly allotment delivered, per 10 cu. ft. | \$1.1116 | \$0.1056 | \$1.2172 | (I) |
| Block 3: For all water delivered over Block 2, per 10 cu. ft. | \$2.5936 | \$0.2463 | \$2.8399 | (I) |

Dedicated Irrigation:

| | | | | |
|---|----------|----------|----------|-----|
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| Block 2: For all water delivered over monthly allotment, per 10 cu. ft. | \$2.5936 | \$0.2463 | \$2.8399 | (I) |

Special Use Customers

| | | | | |
|--|----------|----------|----------|-----|
| For all water delivered, per 10 cu. ft. | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
|--|----------|----------|----------|-----|

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 846

ISSUED BY

D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)

DATE FILED JUN - 9 2010

NAME

EFFECTIVE JUL - 1 2010

DECISION NO. D.09-07-021/-022

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO. 5773-W

CANCELING

Revised

C.P.U.C. SHEET NO. 5759-W

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

RATES (continued):

Quantity Rates (continued):

| | | | |
|------------------|----------------|-------------|--|
| Base Rate | Interim Rate | Total | |
| <u>Per 10 cf</u> | <u>True-Up</u> | <u>Rate</u> | |

HIDDEN HILLS AND RYAN RANCH SYSTEM

Residential & Multi-Residential Customers:

| | | | | |
|---|----------|----------|----------|-----|
| For the first 10 cu. ft. x Customer Allotment | \$0.2790 | \$0.0000 | \$0.2790 | (I) |
| For the second 10 cu. ft. x Customer Allotment..... | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| For the third 10 cu. ft. x Customer Allotment | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| For the fourth 10 cu. ft. x Customer Allotment..... | \$0.9263 | \$0.0879 | \$1.0143 | (I) |
| All Water over 40 cu. ft. x Customer Allotment..... | \$1.4821 | \$0.1408 | \$1.6229 | (I) |

Non-Residential Customers:

| | | | | |
|---|----------|----------|----------|-----|
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| Block 2: For the next 15% of monthly allotment delivered, per 10 cu. ft. | \$1.1116 | \$0.1056 | \$1.2172 | (I) |
| Block 3: For all water delivered over Block 2, per 10 cu. ft. | \$2.5936 | \$0.2463 | \$2.8399 | (I) |

Jedicated Irrigation:

| | | | | |
|---|----------|----------|----------|-----|
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| Block 2: For all water delivered over monthly allotment, per 10 cu. ft. | \$2.5936 | \$0.2463 | \$2.8399 | (I) |

Special Use Customers:

| | | | | |
|--|----------|----------|----------|-----|
| For all water delivered, per 10 cu. ft. | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
|--|----------|----------|----------|-----|

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 846

DECISION NO. D.09-07-021/-022

ISSUED BY

D. P. STEPHENSON

NAME

DIRECTOR - RATES & REGULATION

TITLE

(TO BE INSERTED BY C.P.U.C.)

DATE FILED JUN - 9 - 2009

EFFECTIVE JUL - 1 - 2009

RESOLUTION NO. _____

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

CANCELING

Revised

C.P.U.C. SHEET NO.

5774-W

Revised

C.P.U.C. SHEET NO.

5760-W

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

RATES (continued):

Quantity Rates (continued):

| | <u>Base Rate</u> Per 10 cf | <u>Interim Rate</u> True-Up | <u>Total</u> Rate | |
|---|-------------------------------|--------------------------------|----------------------|-----|
| <u>BISHOP SYSTEM</u> | | | | |
| Residential & Multi-Residential Customers: | | | | |
| For the first 10 cu. ft. x Customer Allotment | \$0.1853 | \$0.0000 | \$0.1853 | (I) |
| For the second 10 cu. ft. x Customer Allotment..... | \$0.2779 | \$0.0264 | \$0.3043 | (I) |
| For the third 10 cu. ft. x Customer Allotment | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| For the fourth 10 cu. ft. x Customer Allotment..... | \$0.4632 | \$0.0440 | \$0.5072 | (I) |
| All Water over 40 cu. ft. x Customer Allotment..... | \$0.5558 | \$0.0528 | \$0.6086 | (I) |
| Non-Residential Customers: | | | | |
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| Block 2: For the next 15% of monthly allotment delivered, per 10 cu. ft. | \$1.1116 | \$0.1056 | \$1.2172 | (I) |
| Block 3: For all water delivered over Block 2, per 10 cu. ft. | \$2.5936 | \$0.2463 | \$2.8399 | (I) |
| Dedicated Irrigation: | | | | |
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| Block 2: For all water delivered over monthly allotment, per 10 cu. ft. | \$2.5936 | \$0.2463 | \$2.8399 | (I) |
| Special Use Customers: | | | | |
| For all water delivered, per 10 cu. ft. | \$0.7410 | \$0.0704 | \$0.8114 | (I) |

Meter Rates:

**MONTEREY MAIN, HIDDEN HILLS, RYAN RANCH AND
BISHOP SYSTEMS**

| | <u>Per Meter Per Month</u> | |
|--------------------------------|----------------------------|-----|
| For 5/8 x 3/4-inch meter | \$8.83 | (I) |
| For 3/4-inch meter | \$13.25 | (I) |
| For 1-inch meter | \$22.08 | (I) |
| For 1-1/2-inch meter | \$44.15 | (I) |
| For 2-inch meter | \$70.64 | (I) |
| For 3-inch meter | \$132.45 | (I) |
| For 4-inch meter | \$220.75 | (I) |
| For 6-inch meter | \$441.50 | (I) |
| For 8-inch meter | \$706.40 | (I) |

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 846

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED

EFFECTIVE

DECISION NO. D.09-07-021/-022

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

| | | | |
|-----------|---------|--------------------|--------|
| | Revised | C.P.U.C. SHEET NO. | 5625-W |
| CANCELING | Revised | C.P.U.C. SHEET NO. | 5588-W |

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

RATES (continued)

SPECIAL CONDITIONS

1. The boundaries in which the above rates apply are as set forth in the Preliminary Statement and delineated on the Tariff Service Area Maps filed as a part of these tariff schedules. (C)
2. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply. (L)
3. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks Business License Fee 0.11%, City of Del Rey Oaks Franchise Fee 2.00%, City of Sand, City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.
4. Customers must apply with the Company for acceptance into the Low-Income Ratepayer Assistance Program (LIRA). The Company will analyze applications based upon proof of acceptance into the California Alternate Rates for Energy Program of Pacific Gas and Electric.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
6. The per capita design shall remain in effect and until ordered otherwise by the Commission. (L)

(continued)

| | | | |
|-----------------------------|-------------|-------------------------------|------------------------------|
| (TO BE INSERTED BY UTILITY) | | ISSUED BY | (TO BE INSERTED BY C.P.U.C.) |
| ADVICE LETTER NO. | 826 | D. P. STEPHENSON | DATE FILED JAN 26 2010 |
| | | NAME | EFFECTIVE FEB - 1 2010 |
| DECISION NO. | D.09-07-021 | DIRECTOR - RATES & REGULATION | RESOLUTION NO. |
| | | TITLE | |

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

CANCELING

Revised C.P.U.C. SHEET NO. 5626-W

Revised C.P.U.C. SHEET NO. 4449-W

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued)

7. Calculation of residential, multi-residential and sale for resale allotment for Monterey Main, Hidden Hills, Ryan Ranch and Bishop systems:

(C)

- a. The five consumption blocks are calculated for each residential, multi-residential and sale for resale customer based on the number of people, season (winter/summer), size of lot, and number of large animals according to the following allotments for each characteristic:

Block Width Adjustment for Number of People

| Number of people in a residence | Allotted Cfs per month | Equivalent gallons per day |
|---------------------------------|------------------------|----------------------------|
| 1 | 15 | 37.5 |
| 2 | 30 | 75 |
| 3 | 45 | 112.5 |
| 4 | 60 | 150 |
| 5 | 75 | 187.5 |
| 6 | 90 | 225 |
| 7 | 105 | 262.5 |

Block Width Adjustment for Large Animals

| Number of large animals | Allotted Cfs per month | Equivalent gallons per day |
|-------------------------|------------------------|----------------------------|
| 1 or 2 | 5 | 12.5 |
| 3 to 5 | 10 | 25 |
| 6 to 10 | 15 | 37.5 |
| 11 to 20 | 20 | 50 |
| Over 20 | 25 | 62.5 |

(C)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Original C.P.U.C. SHEET NO. 5627-W

CANCELING C.P.U.C. SHEET NO.

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

7. (continued)

**Block Width Adjustment for Landscape
Available in summer (May through October) only**

(C)

| Size of Lot | Allotted Cfs per month per block in Blocks 3, 4 & 5 | Equivalent gallons per day |
|-----------------------------|---|----------------------------|
| No outside space | 0 | 0 |
| Up to ¼ acre | 10 | 25 |
| Over ¼, up to ½ acre | 20 | 50 |
| Over ½ acre, up to 1 acre | 20 | 50 |
| Over 1 acre, up to 2 acres | 30 | 75 |
| Over 2 acres, up to 3 acres | 30 | 75 |
| Over 3 acres, up to 4 acres | 30 | 75 |
| Greater than 4 acres | 30 | 75 |

- a. Each customer's total block width for each block are calculated by adding block width adjustments for people, animals and, from May through October, landscape.

Example: The allotment, or total block width for each block, for a four person household on 1 acre lot with no large animals is as follows;

Calculation of allotment

| | Winter (in Cfs) Nov 1 – Apr 30 | Summer (in Cfs) May 1 – Oct 31 |
|--|-----------------------------------|-----------------------------------|
| Adjustment for People | 60 | 60 |
| Adjustment for Animals | 0 | 0 |
| Adjustment for Landscape | 0 | 20 |
| Total Cfs Allowed in Each Block | 60 | 80 |

(C)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826

ISSUED BY
D. P. STEPHENSON
NAME

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB 1 2010
RESOLUTION NO.

DECISION NO. D.09-07-021

DIRECTOR - RATES & REGULATION
TITLE

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Original

C.P.U.C. SHEET NO. 5628-W

CANCELING

C.P.U.C. SHEET NO.

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued)

- 8. Allotment parameters for non-residential customers, including commercial, industrial, public authority, golf courses and dedicated irrigation meter customer classes for Monterey Main, Hidden Hills, Ryan Ranch and Bishop systems: (N)
 - a. Water allotments will be based on audits based upon best management practices for the type of business or the revised MPWMD "Calculated Average Consumptions: Commercial Uses" study. California American Water will implement a system to keep track of whether a customer's allotment is based on the study (and if so, which version of the study) or based on an audit.
 - b. Outdoor water will be viewed as discretionary use except for properties that require outdoor water for business purposes, ie. outdoor water use that is not essential to the business function will be billed at block 2 or 3 rates. For example, water used by a bar or restaurant for outdoor purposes would be billed at the block 2 or 3 rates.
 - c. All water use for a public authority customer, excluding any golf courses, will be combined in one bill. For example, a city that uses water for irrigation medians, city hall and a city-owned school, would be billed for the use in each location under one bill and one total allotment; within the allotment, the public authority customer would have discretion over how to allocate its use. The allotments for each use of the customer would be combined into one total allotment for each customer. Public authority meters or premises that have water budgets would be excluded from this consideration.
 - d. All water use on a commercial premise will be combined into one bill. A commercial customer with multiple meters on one premise would receive one bill. However, a customer with multiple meters on separate premises would still receive separate bills for each premise. The allotments for each use on the premise will be combined into one total allotment for each premise.
- 9. Calculation of Commercial Monthly Allotment and Annual True-Up: Commercial customers will receive an annual water allotment. The customer's monthly allotment will be based on historical monthly percentage from the usage from the immediately preceding 12 months, unless 12 months of history is unavailable. If 12 months of history is unavailable, the monthly allotment will be based on 1/12 of the annual allotment. (N)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Original C.P.U.C. SHEET NO. 5629-W

CANCELING C.P.U.C. SHEET NO.

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

9. Calculation of Commercial Monthly Allotment and Annual True-Up (continued)

(N)

Commercial customers' water usage charges will be adjusted annually to balance the monthly allotments against the annual allotments to assure that customers who have not exceeded their annual allotment are not penalized by the allocation of the monthly allotments. California American Water will use the following method, as shown in the example below, to calculate the adjustment if necessary;

Commercial Allotment Calculation (Based on Annual Allotment of 1,200 Cfs)

| | |
|--------------------------------|------------------|
| Annual Allotment = 1,200 Cfs | |
| Monthly Allotment = 100 Cfs | |
| Usage (in Cfs): | |
| Month One: 100 | Month Seven: 120 |
| Month Two: 100 | Month Eight: 90 |
| Month Three: 120 | Month Nine: 90 |
| Month Four: 90 | Month Ten: 90 |
| Month Five: 90 | Month Eleven: 90 |
| Month Six: 100 | Month Twelve: 90 |
| Total Use for 12 Months: 1,170 | |

In this example, the customer was billed for 40 units at the higher block rate (for exceeding its monthly allotment of 100 units) in two months, yet its annual usage was 30 units under the annual allotment. The customer will be refunded the difference between the lower block rate and the higher block rate for all 40 units.

Annual allotments and annual true ups will be conducted on a water year (Oct 1 – Sept 30) schedule.

10. Golf Courses (Potable Use)

Potable use golf courses will have the same rates and rate design as commercial customers. Allotments for potable use golf courses will be based on best management practices as stated in Section V, Part D of the rate design settlement approved in Monterey General Rate Case Application 08-01-027.

(N)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Original

C.P.U.C. SHEET NO. 5630-W

CANCELING

C.P.U.C. SHEET NO. _____

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

11. Golf Courses (Non-Potable – Viscaino Tank)

(N)

Golf courses served by the Viscaino Tank will be assigned an allotment based on best management practices as stated in Section V, Part D of the rate design settlement approved in Monterey General Rate Case Application 08-01-027. It is assumed that all non-potable use within this allotment will be billed at the lowest commercial block rate. Usage above the annual allotment will be billed in accordance with the same rate structure as for golf courses using potable water.

Potable use by golf courses on reclaimed water (water supplied by California American Water to the Viscaino Tank) will be billed on the same rate design as commercial customers with a 30 acre-feet annual allotment for Viscaino Tank.

12. Dedicated Irrigation

Dedicated irrigation customers include non-public authority customers, customers using dedicated irrigation for non-essential business functions, or other customers with dedicated irrigation meters other than metered fire hydrant customers.

Dedicated customers will have a two block rate design and allotments will be set using best management practices as stated in Section V, Part D of the rate design settlement authorized in Monterey General Rate Case Application 08-01-027.

13. Special Use Customers

Special use customers will include only metered fire hydrant use customers.

(N)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 25 2010
EFFECTIVE FEB 1 2010
RESOLUTION NO. _____

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

CANCELING

Revised C.P.U.C. SHEET NO. 5631-W

Revised C.P.U.C. SHEET NO. 4967-W

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

14. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in a balancing (L, C) account and collected through a meter charge over the next four years beginning the effective date of Advice Letter 656. The total amount to be recovered is \$3,601,239. The balancing account will earn interest at the 90-day commercial rate. This surcharge is applicable to customers in the Monterey main and Ryan Ranch areas.

| Meter Size | Meter Surcharge |
|------------------------------|-----------------|
| For 5 / 8 x 3 / 4 inch meter | \$1.34 |
| For 3 / 4 inch meter | \$2.01 |
| For 1 inch meter | \$3.35 |
| For 1 1 / 2 inch meter | \$6.69 |
| For 2 inch meter | \$10.71 |
| For 3 inch meter | \$20.08 |
| For 4 inch meter | \$33.46 |
| For 6 inch meter | \$66.92 |
| For 8 inch meter | \$107.07 |

15. Coastal Water Project (CWP) Surcharge #1: Per Decision 06-12-040, a surcharge will be applied to (D) customer bills to collect for pre-construction costs associated with the CWP. Costs to be recovered (L) through CWP Surcharge #1 include \$1,353,831 in public outreach costs and \$1,639,429 in other costs, for a total of \$2,993,260. A surcharge of 4% will be added to all bills rendered from January 1, 2007 through June 30, 2007. The surcharge will be increased to 7% from July 1, 2007 through December 31, 2007, and will increase to 10% from January 1, 2008 through a time when the outstanding approved amounts, with interest, are recovered. This surcharge is applicable to customers in the Monterey main (C) area.

15. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or (D) downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009. The 2010 (L) step rates approved by Advice Letter 818-A will be tracked as part of the interim rate true-up memorandum account.

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 25 2010
EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5632-W

CANCELING Revised C.P.U.C. SHEET NO. 5574-W

Schedule No. MO-1 (continued)
Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

17. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows; (D)
(L)
(C, L)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0294 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0147 per 10 cf |

18. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with \$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will remain in effect through December 31, 2011 as follows; (C, L)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0136 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0068 per 10 cf |

19. In accordance with the final decision issued in Monterey General Rate Case Application 08-01-027, costs associated with securing Seaside Basin water rights shall be placed in a balancing account and collected through a meter charge over the next ten years. The total amount to be recovered is \$2,755,960. The balancing account and surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will earn interest at the 90-day commercial rate. (C, L)

| Meter Size | Meter Surcharge |
|-------------------------|-----------------|
| For 5 / 8 x 3 / 4 meter | \$0.37 |
| For 3 / 4 meter | \$0.55 |
| For 1 meter | \$0.91 |
| For 1 1 / 2 meter | \$1.83 |
| For 2 meter | \$2.93 |
| For 3 meter | \$5.49 |
| For 4 meter | \$9.15 |
| For 6 meter | \$18.29 |
| For 8 meter | \$29.27 |

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED 2010
EFFECTIVE
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
 1033 B. AVENUE, SUITE 200
 CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5716-W

CANCELING Original C.P.U.C. SHEET NO. 5633-W

Schedule No. MO-1 (continued)
 Monterey District Tariff Area

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

- 20. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to subsequent tenants in that unit will, at the Company's option, be furnished on the account of the landlord or property owner.
- 21. Per Advice Letter 839, intervener compensation paid to the Hidden Hills Subunit Ratepayers Association (HHSRA) will be recovered through a meter surcharge for two months effective July 1, 2010. HHSRA was awarded \$56,909 and \$37,356 in D.10-02-029 and 10-05-011. The meter surcharge will be collected from customers in the Monterey, Bishop, Ambler, Hidden Hills and Ryan Ranch systems. (N)

| Meter Size | Meter Surcharge |
|------------------|-----------------|
| 5/8-inch meter | \$0.83 |
| 3/4-inch meter | \$1.25 |
| 1-inch meter | \$2.08 |
| 1-1/2-inch meter | \$4.15 |
| 2-inch meter | \$6.65 |
| 3-inch meter | \$12.46 |
| 4-inch meter | \$20.77 |
| 6-inch meter | \$41.54 |
| 8-inch meter | \$66.47 |

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 839

ISSUED BY

D. P. STEPHENSON
NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAY 14 2010
 EFFECTIVE JUL - 1 2010

DECISION NO. D.10-02-028 & 10-05-011

DIRECTOR - RATES & REGULATION
TITLE

RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Original

C.P.U.C. SHEET NO. 5613-W

CANCELING

C.P.U.C. SHEET NO.

Schedule No. MO-1
 Monterey District Tariff Area
GENERAL METERED SERVICE
 (continued)

SPECIAL CONDITIONS (continued):

Per Advice Letter 825-A, a volumetric-based surcharge is included on each bill to recover \$3,515,870 (N) in payments made to the National Oceanic and Atmospheric Administration (NOAA) for Endangered Species Act (ESA) mitigation activities on the Carmel River Dam. Customers in the Monterey main system will see a surcharge per 10 cubic feet in each tier as outlined in the table below. This surcharge is effective from July 1, 2010 through December 31, 2011.

MONTEREY MAIN SYSTEM

Residential, Multi-Residential and Sale for Resale:

NOAA Surcharge
 Per 10 cubic feet

| | |
|---|----------|
| Block 1: For the first 10 cu. ft. x Customer Allotment | \$0.0151 |
| Block 2: For the second 10 cu. ft. x Customer Allotment..... | \$0.0260 |
| Block 3: For the third 10 cu. ft. x Customer Allotment. | \$0.0520 |
| Block 4: For the fourth 10 cu. ft. x Customer Allotment. | \$0.1039 |
| Block 5: All Water over 40 cu. ft. x Customer Allotment..... | \$0.1819 |

Non-Residential:

Commercial, Industrial, Public Authority and Golf Course:

| | |
|--|----------|
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.0260 |
| Block 2: For the next 15% of monthly allotment delivered, per 10 cu. ft. | \$0.0780 |
| Block 3: For all water delivered over Block 2, per 10 cu. ft. | \$0.1819 |

Dedicated Irrigation:

| | |
|--|----------|
| Block 1: For all water delivered up to monthly allotment, per 10 cu. ft. | \$0.0520 |
| Block 2: For all water delivered over monthly allotment, per 10 cu. ft. | \$0.1819 |

Special Use:

| | |
|---|----------|
| For all water delivered, per 10 cu. ft. | \$0.0520 |
|---|----------|

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 825-A

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAR 17 2010

EFFECTIVE AUG - 1 2010

DECISION NO. D.09-07-022 & 09-07-021

DIRECTOR - RATES & REGULATION

RESOLUTION NO. W 4 0 3 0

TITLE

CALIFORNIA AMERICAN WATER COMPANY
 1033 B. AVENUE, SUITE 200
 CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5775-W

CANCELING

Revised C.P.U.C. SHEET NO. 5761-W

Schedule No. MO-1-LIRA
 Monterey District Tariff Area
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM (LIRA)

APPLICABILITY

Applicable to all water furnished on a metered basis to residential domestic service to low-income households, where the customer meets all the Special Conditions of this tariff.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates and vicinity and certain unincorporated areas in the County of Monterey.

RATES

Quantity Rates:

| Base Rate Per 10 cf | Interim Rate True-Up | Total Rate |
|------------------------|-------------------------|---------------|
|------------------------|-------------------------|---------------|

MONTEREY MAIN SYSTEM

Qualified Residential & Multi-Residential LIRA Customers:

| | | | | |
|---|----------|----------|----------|-----|
| For the first 10 cu. ft. x Customer Allotment | \$0.2790 | \$0.0000 | \$0.2790 | (I) |
| For the second 10 cu. ft. x Customer Allotment..... | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| For the third 10 cu. ft. x Customer Allotment | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| For the fourth 10 cu. ft. x Customer Allotment..... | \$1.4821 | \$0.1408 | \$1.6229 | (I) |
| All Water over 40 cu. ft. x Customer Allotment..... | \$2.5936 | \$0.2463 | \$2.8399 | (I) |

HIDDEN HILLS AND RYAN RANCH SYSTEM

Qualified Residential & Multi-Residential LIRA Customers:

| | | | | |
|---|----------|----------|----------|-----|
| For the first 10 cu. ft. x Customer Allotment | \$0.2790 | \$0.0000 | \$0.2790 | (I) |
| For the second 10 cu. ft. x Customer Allotment..... | \$0.3705 | \$0.0352 | \$0.4057 | (I) |
| For the third 10 cu. ft. x Customer Allotment | \$0.7410 | \$0.0704 | \$0.8114 | (I) |
| For the fourth 10 cu. ft. x Customer Allotment..... | \$0.9263 | \$0.0879 | \$1.0143 | (I) |
| All Water over 40 cu. ft. x Customer Allotment..... | \$1.4821 | \$0.1408 | \$1.6229 | (I) |

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 846

ISSUED BY

D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)

DATE FILED

EFFECTIVE

JUL - 1 2010

DECISION NO. D.09-07-021/-022

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5776-W

CANCELING Revised C.P.U.C. SHEET NO. 5762-W

Schedule No. MO-1-LIRA (continued)
 Monterey District Tariff Area
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM

RATES (continued):

Quantity Rates (continued):

| | | |
|------------------|----------------|-------------|
| Base Rate | Interim Rate | Total |
| <u>Per 10 cf</u> | <u>True-Up</u> | <u>Rate</u> |

BISHOP SYSTEM

Qualified Residential & Multi-Residential LIRA Customers:

| | | | | |
|---|----------|----------|----------|-----|
| For the first 10 cu. ft. x Customer Allotment | \$0.1853 | \$0.0000 | \$0.1853 | (l) |
| For the second 10 cu. ft. x Customer Allotment..... | \$0.2779 | \$0.0264 | \$0.3043 | (l) |
| For the third 10 cu. ft. x Customer Allotment | \$0.3705 | \$0.0352 | \$0.4057 | (l) |
| For the fourth 10 cu. ft. x Customer Allotment..... | \$0.4632 | \$0.0440 | \$0.5072 | (l) |
| All Water over 40 cu. ft. x Customer Allotment..... | \$0.5558 | \$0.0528 | \$0.6086 | (l) |

Meter Rates:

**MONTEREY MAIN, HIDDEN HILLS, RYAN RANCH AND
 BISHOP SYSTEMS**

Per Meter Per Month

| | | |
|--------------------------------|----------|-----|
| For 5/8 x 3/4-inch meter | \$8.83 | (l) |
| For 3/4-inch meter | \$13.25 | (l) |
| For 1-inch meter | \$22.08 | (l) |
| For 1-1/2-inch meter | \$44.15 | (l) |
| For 2-inch meter | \$70.64 | (l) |
| For 3-inch meter | \$132.45 | (l) |
| For 4-inch meter | \$220.75 | (l) |
| For 6-inch meter | \$441.50 | (l) |
| For 8-inch meter | \$706.40 | (l) |

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 846

ISSUED BY

D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)

DATE FILED JUL 1 2011

DECISION NO. D.09-07-021/-022

DIRECTOR - RATES & REGULATION

EFFECTIVE JUL 1 2011

RESOLUTION NO. _____

TITLE

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Original C.P.U.C. SHEET NO. 5636-W

CANCELING C.P.U.C. SHEET NO. 4896-W

Schedule No. MO-1-LIRA (continued) (T)

Monterey District Tariff Area

LOW-INCOME RATEPAYER ASSISTANCE PROGRAM (T)

SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME

1. Low-Income Ratepayer Assistance Program (LIRA): As reflected in this tariff, qualifying customers can receive a monthly discount as shown below. Customers must apply with the Company for acceptance into the low income program. Qualification criteria are outlined below. This program is also known as the H2O Help to Others Program. (C)

| Number of People in Residence | Monthly Discount Amount |
|-------------------------------|-------------------------|
| 1-4 | \$8.00 |
| 5-8 | \$12.00 |
| Over 8 | \$16.00 |

- a. LIRA Household: A LIRA household is a household where the total gross income from all sources, including total income from all persons living full-time in the household, is less than shown on the table below based on the number of persons in the household. Total gross income shall include both taxable and non-taxable income. Persons who are claimed as a dependent on another person's income tax return are not eligible for this program. The California American Water bill must be in the customer's name.

| Income Guidelines (Effective June 1, 2009 to May 31, 2010) | |
|--|--|
| No. of Persons in Household | Total Gross Annual Income |
| 1 or 2 | \$30,500 |
| 3 | \$35,800 |
| 4 | \$43,200 |
| 5 | \$50,600 |
| 6 | \$58,000 |
| For households with more than six persons | Add \$7,400 annually for each additional person residing in the household. |

(C)

(L)

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. 826

D. P. STEPHENSON

DATE FILED JAN 26 2010

NAME

EFFECTIVE FEB - 1 2010

DECISION NO. D.09-07-021

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

| | | | |
|-----------|----------|--------------------|--------|
| | Revised | C.P.U.C. SHEET NO. | 5637-W |
| CANCELING | Original | C.P.U.C. SHEET NO. | 4535-W |

Schedule No. MO-1-LIRA (continued) (T)
Monterey District Tariff Area
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM (T)

SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME (continued)

- b. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Company, either the accommodation or the occupancy is transitory. The customer must present documentation showing approval into Pacific Gas & Electric's (PG&E's) California Alternate Rate for Energy (CARE) Program or provide verification of your household income. Forms of verification include a copy of the customer's Federal Income Tax Form 1040 including W-2 forms. If the customer is self-employed, a copy of Schedule C should be provided. (L)
- c. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Company.
- d. Verification: Information provided by the applicant is subject to verification by the Company. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Company, upon the request of the Company, shall result in removal from this tariff.
- e. Notice from Customer: It is the customer's responsibility to notify the Company if there is a change in the customer's eligibility status. Notification should be made within 30 days of the customer's change in eligibility.
- f. Customers may be re-billed for periods of ineligibility under the applicable tariff.

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826

ISSUED BY
D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 25 2010

DECISION NO. D.09-07-021

DIRECTOR - RATES & REGULATION
TITLE

EFFECTIVE FEB 1 2010
RESOLUTION NO. _____

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5638-W

CANCELING Original C.P.U.C. SHEET NO. 5589-W

Schedule No. MO-1-LIRA (continued) (T)

Monterey District Tariff Area

LOW-INCOME RATEPAYER ASSISTANCE PROGRAM (T)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS: These conditions are applicable to all metered Customers, including low-income customers.

1. The boundaries in which the above rates apply are as set forth in the Preliminary Statement and delineated on the Tariff Service Area Maps filed as a part of these tariff schedules. (C)
2. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.
3. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks Business License Fee 0.11%, City of Del Rey Oaks Franchise Fee 2.00%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.
4. Customers must apply with the Company for acceptance into the Low-Income Ratepayer Assistance Program (LIRA). Company will analyze applications based upon proof of acceptance into the California Alternate Rates for Energy Program of Pacific Gas and Electric. (N)
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
6. The per capita design shall remain in effect and until ordered otherwise by the Commission.

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5639-W

CANCELING Original C.P.U.C. SHEET NO. 4537-W

Schedule No. MO-1-LIRA (continued) (T)

Monterey District Tariff Area

LOW-INCOME RATEPAYER ASSISTANCE PROGRAM (T)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued)

7. Calculation of residential allotment for Monterey Main, Hidden Hills and Bishop systems: (C)

- a. The five consumption blocks are calculated for each residential and multi-residential customer based on the number of people, season (winter/summer), size of lot, and number of large animals according to the following allotments for each characteristic:

Block Width Adjustment for Number of People

| Number of people in a residence | Allotted Cfs per month | Equivalent gallons per day |
|---------------------------------|------------------------|----------------------------|
| 1 | 15 | 37.5 |
| 2 | 30 | 75 |
| 3 | 45 | 112.5 |
| 4 | 60 | 150 |
| 5 | 75 | 187.5 |
| 6 | 90 | 225 |
| 7 | 105 | 262.5 |

Block Width Adjustment for Large Animals

| Number of large animals | Allotted Cfs per month | Equivalent gallons per day |
|-------------------------|------------------------|----------------------------|
| 1 or 2 | 5 | 12.5 |
| 3 to 5 | 10 | 25 |
| 6 to 10 | 15 | 37.5 |
| 11 to 20 | 20 | 50 |
| Over 20 | 25 | 62.5 |

(C)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826

ISSUED BY
D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010

DECISION NO. D.09-07-021

DIRECTOR - RATES & REGULATION
TITLE

EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Original C.P.U.C. SHEET NO. 5640-W

CANCELING C.P.U.C. SHEET NO.

Schedule No. MO-1-LIRA (continued)
Monterey District Tariff Area
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued):

7. (continued)

**Block Width Adjustment for Landscape
Available in summer (May through October) only**

(C)

| Size of Lot | Allotted Cfs per month per block in Blocks 3, 4 & 5 | Equivalent gallons per day |
|-----------------------------|---|----------------------------|
| No outside space | 0 | 0 |
| Up to ¼ acre | 10 | 25 |
| Over ¼, up to ½ acre | 20 | 50 |
| Over ½ acre, up to 1 acre | 20 | 50 |
| Over 1 acre, up to 2 acres | 30 | 75 |
| Over 2 acres, up to 3 acres | 30 | 75 |
| Over 3 acres, up to 4 acres | 30 | 75 |
| Greater than 4 acres | 30 | 75 |

- a. Each customer's total block width for each block are calculated by adding block width adjustments for people, animals and, from May through October, landscape.

Example: The allotment, or total block width for each block, for a four person household on 1 acre lot with no large animals is as follows;

Calculation of allotment

| | Winter (in Cfs) Nov 1 – Apr 30 | Summer (in tens of cubic feet) May 1 – Oct 31 |
|---|-----------------------------------|--|
| Adjustment for People | 60 | 60 |
| Adjustment for Animals | 0 | 0 |
| Adjustment for Landscape | 0 | 20 |
| Total Ccfs Allowed in Each Block | 60 | 80 |

(C)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826

ISSUED BY
D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010

DECISION NO. D.09-07-021

DIRECTOR - RATES & REGULATION
TITLE

EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5641-W

CANCELING Revised C.P.U.C. SHEET NO. 5169-W

Schedule No. MO-1-LIRA (continued) (T)
Monterey District Tariff Area
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM (T)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued):

8. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in a balancing account and collected through a meter charge over the next four years. The total amount to be recovered is \$3,601,239. A monthly surcharge of \$0.67 will apply to LIRA customers. The balancing account will earn interest at the 90-day commercial rate. (D)
(D)
(C)

10. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009. (L)

11. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to subsequent tenants in that unit will at the Company's option, be furnished on the account of the landlord or property owner. (N)

12. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows; (C, L)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0294 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0147 per 10 cf |

13. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with \$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will remain in effect through December 31, 2011 as follows; (C, L)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0136 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0068 per 10 cf |

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES & REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JUN 21 2010
EFFECTIVE
RESOLUTION NO.

CALIFORNIA-AMERICAN WATER COMPANY

1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Revised C.P.U.C. SHEET NO. 5717-W

Canceling Original C.P.U.C. SHEET NO. 5277-W

Schedule No. MO-1-LIRA (T)
Monterey District Tariff Area
LOW INCOME RATEPAYER ASSISTANCE PROGRAM (continued) (T)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued)

18. In accordance with the final decision issued in Monterey General Rate Case Application 08-01-027, costs associated with securing Seaside Basin water rights shall be placed in a balancing account and collected through a meter charge over the next ten years. The total amount to be recovered is \$2,755,960. The balancing account will earn interest at the 90-day commercial rate.

| Meter Size | Meter Surcharge |
|-------------------------|-----------------|
| For 5 / 8 x 3 / 4 meter | \$0.37 |
| For 3 / 4 meter | \$0.55 |
| For 1 meter | \$0.91 |
| For 1 1 / 2 meter | \$1.83 |
| For 2 meter | \$2.93 |
| For 3 meter | \$5.49 |
| For 4 meter | \$9.15 |
| For 6 meter | \$18.29 |
| For 8 meter | \$29.27 |

19. Per Advice Letter 839, intervener compensation paid to the Hidden Hills Subunit Ratepayers Association (HHSRA) will be recovered through a meter surcharge for two months effective July 1, 2010. HHSRA was awarded \$56,909 and \$37,356 in D.10-02-029 and 10-05-011. The meter surcharge will be collected from customers in the Monterey, Bishop, Hidden Hills and Ryan Ranch systems. (N)

| Meter Size | Meter Surcharge |
|------------------|-----------------|
| 5/8-inch meter | \$0.83 |
| 3/4-inch meter | \$1.25 |
| 1-inch meter | \$2.08 |
| 1-1/2-inch meter | \$4.15 |
| 2-inch meter | \$6.65 |
| 3-inch meter | \$12.46 |
| 4-inch meter | \$20.77 |
| 6-inch meter | \$41.54 |
| 8-inch meter | \$66.47 |

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 839

ISSUED BY

D. P. STEPHENSON
NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAY 14 2010
EFFECTIVE JUL - 1 2010

DECISION NO. D.10-02-029 &
D.10-05-011

DIRECTOR - RATES & REGULATION
TITLE

RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Original

C.P.U.C. SHEET NO.

5614-W

CANCELING

Revised

C.P.U.C. SHEET NO.

Schedule No. MO-1-PAR
 Monterey District Tariff Area
LOW INCOME PROGRAM FOR ALTERNATE RATES (PAR)
 (continued)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued):

Per Advice Letter 825-A, a volumetric-based surcharge is included on each bill to recover \$3,515,870 (N) in payments made to the National Oceanic and Atmospheric Administration (NOAA) for Endangered Species Act (ESA) mitigation activities on the Carmel River Dam. Customers in the Monterey main system will see a surcharge per 10 cubic feet in each tier as outlined in the table below. This surcharge is effective from July 1, 2010 through December 31, 2011.

MONTEREY MAIN SYSTEM

Residential and Multi-Residential:

| | NOAA Surcharge Per 10 Cf |
|---|-----------------------------|
| Block 1: For the first 10 cu. ft. x Customer Allotment | \$0.0151 |
| Block 2: For the second 10 cu. ft. x Customer Allotment..... | \$0.0260 |
| Block 3: For the third 10 cu. ft. x Customer Allotment. | \$0.0520 |
| Block 4: For the fourth 10 cu. ft. x Customer Allotment. | \$0.1039 |
| Block 5: All Water over 40 cu. ft. x Customer Allotment..... | \$0.1819 |

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 825-A

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAR 17 2010

EFFECTIVE AUG - 1 2010

DECISION NO. D.09-07-022
& 09-07-021

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO. W 4838

CALIFORNIA-AMERICAN WATER COMPANY

1033 B Avenue, Suite 200

CORONADO, CALIFORNIA 92118

Revised

C.P.U.C. SHEET NO. 5779-W

CANCELING

Revised

C.P.U.C. SHEET NO. 5765-W

Schedule No. MO-4

Monterey Peninsula District Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire protection systems.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Chualar and Ralph Lane sub-units and certain unincorporated areas in the County of Monterey.

Residential Private Fire Service

Per Month

| | | |
|-------------------------------------|----------|-----|
| For each 1-inch connection..... | \$8.34 | (l) |
| For each 1-1/2-inch connection..... | \$12.52 | |
| For each 2-inch connection..... | \$16.70 | |
| For each 3-inch connection..... | \$25.04 | |
| For each 4-inch connection..... | \$33.37 | |
| For each 6-inch connection..... | \$67.54 | |
| For each 8-inch connection..... | \$106.86 | |
| For each 10-inch connection..... | \$151.26 | |

All Other Private Fire Service

Per Month

| | | |
|---|----------|-----|
| For each 4-inch connection and smaller..... | \$33.37 | (l) |
| For each 6-inch connection..... | \$67.54 | |
| For each 8-inch connection..... | \$106.86 | |
| For each 10-inch connection..... | \$151.26 | |

The rates for private fire service are based upon the size of the service and no additional charges will be made for fire hydrants, sprinklers, hose connections or standpipes connected to and supplied by such private fire service.

SPECIAL CONDITIONS

- The fire protection service and connection shall be installed by the Utility or under the Utility's direction. Cost of the entire fire protection installation shall be paid for by the applicant. Such payment shall not be subject to refund.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. 846

D. P. STEPHENSON
NAME

DATE FILED JUL 1 2006
EFFECTIVE JUL - 1 2006

DECISION NO. D.09-07-021/-022

DIRECTOR - RATES & REGULATION
TITLE

RESOLUTION NO.

CALIFORNIA-AMERICAN WATER COMPANY
 303 H Street, Suite 250
 CHULA VISTA, CALIFORNIA 91910

Revised

C.P.U.C. SHEET NO.

4852-W

CANCELLING

Revised

C.P.U.C. SHEET NO.

4673-W

Schedule No. MO -4 (continued)
 Monterey Peninsula District Tariff Area

SPECIAL CONDITIONS (continued):

2. The installation housing the detector type check valve and meter and appurtenances thereto shall be in a location mutually agreeable to the applicant and the Utility. Normally such installation shall be located on the premises of applicant, adjacent to the property line. The expense of maintaining the fire protection facilities on the applicant's premises (including the vault, meter, detector type check valves, backflow device and appurtenances) shall be paid for by the applicant. (L)
3. All facilities paid for by the applicant, excluding the connection at the main and any service pipe located in a public right-of-way, shall be the sole property of the applicant. The Utility and its duly authorized agents shall have the right to ingress to and egress from the premises for all purposes relating to said facilities.
4. The minimum diameter will be 1 inch, and maximum diameter will be the diameter of the main to which the service is connected.
 - a. The minimum diameter of connections for private fire hydrants will be one inch.
5. If distribution main of adequate size to serve a private fire protection system in addition to all other normal services does not exist in the street or alley adjacent to the premises to be served, then a main from the nearest existing main of adequate capacity shall be installed by the Utility, or under the Utility's direction, and the cost paid by the applicant. Such payment shall not be subject to refund.
6. Service, hereunder, is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction. All facilities are to be installed according to the Utility's specifications and maintained to the Utility's satisfaction. The Utility may require the installation of a backflow prevention device and a standard detector type meter approved by the Insurance Services Office for protection against theft, leakage or waste of water.
7. No structure shall be built over the fire protection service and the customer shall maintain and safeguard the area occupied by the service from traffic and other hazardous conditions. The customer will be responsible for any damage to the fire protection service facilities.
8. Subject to the approval of the Utility, any change in the location or construction of fire protection service as may be requested by public authority or the customer will be made by the Utility following payment to the Utility of the entire cost of such change.
9. Any unauthorized use of water other than fire protection purposes, charges shall be made therefore at the regular established rate for general metered service, and/or may be grounds for the Utility discontinuing the fire protection service without liability to the Utility.

(L)

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 711

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED OCT 17 2008

EFFECTIVE JAN - 8 2009

DECISION NO. _____

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

CALIFORNIA AMERICAN WATER COMPANY
1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Revised C.P.U.C. SHEET NO. 5643-W
Revised C.P.U.C. SHEET NO. 5178-W

Schedule No. MO -4 (continued)
Monterey Peninsula District Tariff Area
PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued):

10. Customers who use Cal-Am's system to provide for fire flow, but do not receive their domestic supply from Cal-Am, will pay a special Private Fire Service rate equal to either the higher of the standard rate for their size service or a rate equal to the sum of the standard monthly Service Charges that would be billed for all the properties served by the Private Fire Service if they did receive domestic service. All fire service to non-domestic customers will be considered private fire service. If a new public fire hydrant is required to be installed for a non-domestic customer and other customers will benefit, no fee will be charged.
11. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
12. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in a balancing account and collected through a connection surcharge over the next four years. The total amount to be recovered is \$3,601,239. The balancing account will earn interest at the 90-day commercial rate.

| | |
|------------------|--------|
| < or equal to 4" | \$0.88 |
| 6 | \$1.77 |
| 8 | \$2.81 |
| 10 | \$3.97 |

(D)

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D. P. STEPHENSON
NAME
DIRECTOR - RATES &
REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY
1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Revised C.P.U.C. SHEET NO. 5644-W
Canceling Revised C.P.U.C. SHEET NO. 5590-W

Schedule No. MO -4 (continued)
Monterey Peninsula District Tariff Area
PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued):

13. Coastal Water Project (CWP) Surcharge #1: Per Decision 06-12-040, a surcharge will be applied to customer bills to collect for pre-construction costs associated with the CWP. Costs to be recovered through CWP Surcharge #1 include \$1,353,831 in public outreach costs and \$1,639,429 in other costs, for a total of \$2,993,260. A surcharge of 4% will be added to all bills rendered from January 1, 2007 through June 30, 2007. The surcharge will be increased to 7% from July 1, 2007 through December 31, 2007, and will increase to 10% from January 1, 2008 through a time when the outstanding approved amounts, with interest, are recovered. This surcharge is applicable to customers in the Monterey main system. (C)

14. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks Business License Fee 0.11%, City of Del Rey Oaks Franchise Fee 2.00%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%. (D)

15. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge is applicable to customers in the Monterey main, Hidden Hills and Ryan Ranch areas and will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows; (C)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0294 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0147 per 10 cf |

16. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with \$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge is applicable to customers in the Monterey main, Hidden Hills and Ryan Ranch areas and will remain in effect through December 31, 2011 as follows; (C)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0136 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0068 per 10 cf |

(Continued)

| | | |
|-----------------------------|-----------------------------|------------------------------|
| (TO BE INSERTED BY UTILITY) | ISSUED BY | (TO BE INSERTED BY C.P.U.C.) |
| ADVICE LETTER NO. 826 | D. P. STEPHENSON | DATE FILED 11/2/2010 |
| DECISION NO. D.09-07-021 | NAME | EFFECTIVE 11/2/2010 |
| | DIRECTOR RATES & REGULATION | RESOLUTION NO. |

CALIFORNIA AMERICAN WATER COMPANY
 1033 B. AVENUE, SUITE 200
 CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5720-W

CANCELLING Revised C.P.U.C. SHEET NO. 5645-W

Schedule No. MO -4 (continued)
 Monterey Peninsula District Tariff Area

SPECIAL CONDITIONS (continued):

17. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A.08-01-027 back to May 11, 2009. The 2010 step rates approved by Advice Letter 818-A will be tracked as part of the interim rate true-up memorandum account.

18. Per Advice Letter 839, intervener compensation paid to the Hidden Hills Subunit Ratepayers Association (HHSRA) will be recovered through a connection surcharge for two months effective July 1, 2010. HHSRA was awarded \$56,909 and \$37,356 in D.10-02-029 and 10-05-011. The connection surcharge will be collected from customers in the Monterey, Bishop, Ambler, Hidden Hills and Ryan Ranch systems. (N)

| Connection Size | Connection Surcharge |
|----------------------|----------------------|
| < or equal to 4-inch | \$0.07 |
| 6-inch | \$0.15 |
| 8-inch | \$0.23 |
| 10-inch | \$0.33 |

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 839

ISSUED BY

D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAY 13 2010

NAME

EFFECTIVE JUL

DECISION NO. D.10-02-029 & D.10-05-011

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

CALIFORNIA AMERICAN WATER COMPANY
1033 B. AVENUE, SUITE 200
CORONADO, CA 92118

CANCELING

Revised C.P.U.C. SHEET NO. 5615-W

Revised C.P.U.C. SHEET NO. 5111-W

Schedule No. MO -4 (continued)
Monterey Peninsula District Tariff Area

SPECIAL CONDITIONS (continued):

20. Per Advice Letter 741 and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an over collection in the minimum Employee Retirement Income Security Act (ERISA) pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission.
21. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A.08-01-027 back to May 11, 2009.
22. Per Advice Letter 825-A, a volumetric-based surcharge is included on each bill to recover \$3,515,870 (N) in payments made to the National Oceanic and Atmospheric Administration (NOAA) for Endangered Species Act (ESA) mitigation activities on the Carmel River Dam. Customers in the Monterey main system will see a surcharge of \$0.0520 per 10 cubic feet. This surcharge is effective from July 1, 2010 through December 31, 2011.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 825-A

DECISION NO. D. 09-07-022
& 09-07-021

ISSUED BY

D. P. STEPHENSON

NAME

DIRECTOR - RATES & REGULATION

TITLE

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAR 17 2010
EFFECTIVE AUG - 1 2010

RESOLUTION NO. W 4 8 3 6

CALIFORNIA-AMERICAN WATER COMPANY
1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Revised C.P.U.C. SHEET NO. 5781-W

CANCELLING Revised C.P.U.C. SHEET NO. 5767-W

Schedule No. MO-4B
Monterey Peninsula District Tariff Area
PRIVATE FIRE PROTECTION SERVICE
BISHOP SERVICE AREA

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems.

TERRITORY

Bishop subdivision, including the area known as Laguna Seca Ranch Estates, and vicinity.

Residential Private Fire Service

Per Month

| | | |
|-------------------------------------|----------|-----|
| For each 1-inch connection..... | \$8.34 | (I) |
| For each 1-1/2-inch connection..... | \$12.52 | |
| For each 2-inch connection..... | \$16.70 | |
| For each 3-inch connection..... | \$25.04 | |
| For each 4-inch connection..... | \$33.37 | |
| For each 6-inch connection..... | \$67.54 | |
| For each 8-inch connection..... | \$106.86 | |
| For each 10-inch connection..... | \$151.26 | |

All Other Private Fire Service

Per Month

| | | |
|---|----------|-----|
| For each 4-inch connection and smaller..... | \$33.37 | (I) |
| For each 6-inch connection..... | \$67.54 | |
| For each 8-inch connection..... | \$106.86 | |
| For each 10-inch connection..... | \$151.26 | |

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. If a distribution main of adequate size to a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premise to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. 846

D.P. STEPHENSON

DATE FILED

DECISION NO. D.09-07-021/-022

DIRECTOR - RATES & REGULATION

EFFECTIVE RESOLUTION NO.

TITLE

CALIFORNIA AMERICAN WATER COMPANY
1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Original C.P.U.C. SHEET NO. 5649-W

CANCELLING C.P.U.C. SHEET NO.

Schedule No. MO-4B
Monterey Peninsula District Tariff Area
PRIVATE FIRE PROTECTION SERVICE
BISHOP SERVICE AREA (continued)

SPECIAL CONDITIONS (continued)

- 4. For water delivered for other than fire protection purposes, charges shall be made therefore under Schedule No. 1, General Metered Service. (L)
- 5. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system. (L)
- 6. All bills are subject to the reimbursement fee as set forth in Schedule No. UF. (L)
(D)
(D)
- 7. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows; (L, C)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0294 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0147 per 10 cf |

- 8. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with \$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge will remain in effect through December 31, 2011 as follows; (L, C)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0136 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0068 per 10 cf |

- 9. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A.08-01-027 back to May 11, 2009. The 2010 step rates approved by Advice Letter 818-A will be tracked as part of the interim rate true-up memorandum account. (L)

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 826
DECISION NO. D.09-07-021

ISSUED BY
D.P. STEPHENSON
NAME
DIRECTOR – RATES &
REGULATION
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JAN 26 2010
EFFECTIVE FEB - 1 2010
RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY

1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Original C.P.U.C. SHEET NO. 5722-W

CANCELLING C.P.U.C. SHEET NO.

Schedule No. MO-4B
Monterey Peninsula District Tariff Area
PRIVATE FIRE PROTECTION SERVICE
BISHOP SERVICE AREA (continued)

SPECIAL CONDITIONS (continued)

10. Per Advice Letter 839, intervener compensation paid to the Hidden Hills Subunit Ratepayers Association (HHSRA) will be recovered through a connection surcharge for two months effective July 1, 2010. HHSRA was awarded \$56,909 and \$37,356 in D.10-02-029 and 10-05-011. The connection surcharge will be collected from customers in the Monterey, Bishop, Ambler, Hidden Hills and Ryan Ranch systems. (N)

| Connection Size | Connection Surcharge |
|----------------------|----------------------|
| < or equal to 4-inch | \$0.07 |
| 6-inch | \$0.15 |
| 8-inch | \$0.23 |
| 10-inch | \$0.33 |

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 839

ISSUED BY

D.P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAY 12 2010

NAME

EFFECTIVE JUL - 1 2010

DECISION NO. D.10-02-029 & 10-05-011

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

CALIFORNIA-AMERICAN WATER COMPANY

Revised

C.P.U.C. SHEET NO. 5782-W

1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

CANCELING

Revised

C.P.U.C. SHEET NO. 5768-W

Schedule No. MO-4H
Monterey Peninsula District Tariff Area
PRIVATE FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire hydrant service.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, certain unincorporated areas in the County of Monterey, the Ambler Park subdivision, Rim Rock subdivision, Rancho El Toro Country Club, located nine miles southwest of Salinas, Monterey County, the area known as Laguna Seca Ranch Estates, and vicinity.

RATES

Per Month

Private Fire Hydrant Service Installed at Cost of Applicant:
For each Fire Hydrant Installed ... \$32.23 (l)

SPECIAL CONDITIONS

1. The fire protection service and connection shall be installed by the Utility or under the Utility's direction. Cost of the entire fire protection installation shall be paid for by the applicant. Such payment shall not be subject to refund.
2. The installation housing the detector type check valve and meter and appurtenances, thereto, shall be in a location mutually agreeable to the applicant and the Utility. Normally such installation shall be located on the premises of applicant, adjacent to the property line. The expense of maintaining all facilities which are the sole property of the applicant (including the vault, meter, detector type check valves, backflow device and appurtenances) shall be paid for by the applicant.
3. All facilities paid for by the applicant, excluding the connection at the main and any service pipe located in a public right-of-way, shall be the sole property of the applicant. The Utility and its duly authorized agents shall have the right to ingress to and egress from the premises for all purposes relating to said facilities.
4. The minimum diameter will be 6 inches, and the maximum diameter will be the diameter of the main to which the service is connected.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER 846
NO.

D. P. STEPHENSON

DATE FILED 9 2010

DECISION NO. D.09-07-021/-
022

DIRECTOR - RATES &
REGULATION

EFFECTIVE
RESOLUTION NO.

TITLE

CALIFORNIA-AMERICAN WATER COMPANY
303 H Street, Suite 250
CHULA VISTA, CALIFORNIA 91910

Revised

C.P.U.C. SHEET NO. 4970-W

CANCELLING

Revised

C.P.U.C. SHEET NO. 4674-W

Schedule No. MO - 4H (continued)
Monterey Peninsula District Tariff Area
PRIVATE FIRE HYDRANT SERVICE

SPECIAL CONDITIONS (continued):

5. If distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a main from the nearest existing main of adequate capacity shall be installed by the Utility, or under the Utility's direction, and the cost paid by the applicant. Such payment shall not be subject to refund.
6. Service hereunder is for private fire hydrant service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction. All facilities are to be installed according to the Utility's specifications and maintained to the Utility's satisfaction. The Utility may require the installation of a backflow prevention device and a standard detector type meter approved by the Insurance Services Office for protection against theft, leakage or waste of water.
7. No structure shall be built over the fire protection service and the customer shall maintain and safeguard the area occupied by the service from traffic and other hazardous conditions. The customer will be responsible for any damage to the fire protection service facilities.
8. Subject to the approval of the Utility, any change in the location or construction of fire protection service as may be requested by the public authority or the customer will be made by the Utility following payment to the Utility of the entire cost of such change.
9. Any unauthorized use of water other than fire protection purposes, charges shall be made therefore at the regular established rate for general metered service and/or may be grounds for the Utility discontinuing the fire protection service without liability to the Utility.
10. Customers who use Cal-Am's system to provide for fire flow, but do not receive their domestic Supply from Cal-Am, will pay a special Private Fire Service rate equal to either the higher of the standard rate for their size service or a rate equal to the sum of the standard monthly Service Charges that would be billed for all the properties served by the Private Fire Service if they did receive domestic service. All fire service to non-domestic customers will be considered private fire service. If a new public fire hydrant is required to be installed for a non-domestic customer and other customers will benefit, no fee will be charged.
11. All bills are subject to the reimbursement fee set forth on Schedule No. U.F.

(D)
|
(D)

ADVICE LETTER NO. 723

D. P. STEPHENSON

DATE FILED JAN 26 2009

NAME

EFFECTIVE FEB 17 2009

DECISION NO. _____

DIRECTOR - RATES & REGULATION

RESOLUTION NO. _____

TITLE

CALIFORNIA AMERICAN WATER COMPANY
1033 B Avenue, Suite 200
CORONADO, CALIFORNIA 92118

Revised C.P.U.C. SHEET NO. 5651-W

CANCELING Revised C.P.U.C. SHEET NO. 5591-W

Schedule No. MO - 4H (continued)
Monterey Peninsula District Tariff Area
PRIVATE FIRE HYDRANT SERVICE

SPECIAL CONDITIONS (continued):

- (D)
13. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in an interest free balancing account and collected through a meter surcharge over the next four years. The total amount to be recovered is \$3,601,239. A surcharge of \$0.85 will be applied to all fire hydrant services. This surcharge is applicable to customers in the Monterey main and Ryan Ranch areas. (C)
14. Coastal Water Project (CWP) Surcharge #1: Per Decision 06-12-040, a surcharge will be applied to customer bills to collect for pre-construction costs associated with the CWP. Costs to be recovered through CWP Surcharge #1 include \$1,353,831 in public outreach costs and \$1,639,429 in other costs, for a total of \$2,993,260. A surcharge of 4% will be added to all bills rendered from January 1, 2007 through June 30, 2007. The surcharge will be increased to 7% from July 1, 2007 through December 31, 2007, and will increase to 10% from January 1, 2008 through a time when the outstanding approved amounts, with interest, are recovered. This surcharge is applicable to customers in the Monterey main area. (C)
15. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks Business License Fee 0.11%, City of Del Rey Oaks Franchise Fee 2.00%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.
16. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows; (C)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0294 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0147 per 10 cf |

17. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with \$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills and Ryan Ranch areas and will remain in effect through December 31, 2011 as follows; (C)

| Effective Dates | Surcharge |
|----------------------------|--------------------|
| Jul 1, 2009 – Dec 31, 2009 | \$0.0136 per 10 cf |
| Jan 1, 2010 – Dec 31, 2011 | \$0.0068 per 10 cf |

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. 826

D. P. STEPHENSON

DATE FILED FEB 2 2010

DECISION NO. D.09-07-021

DIRECTOR RATES & REGULATION

EFFECTIVE FEB - 1 2010

RESOLUTION NO.

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 5723-W

CANCELING Revised C.P.U.C. SHEET NO. 5652-W

Schedule No. MO - 4H (continued)
 Monterey Peninsula District Tariff Area
PRIVATE FIRE HYDRANT SERVICE (continued)

SPECIAL CONDITIONS (continued):

18. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A.08-01-027 back to May 11, 2009. The 2010 step rates approved by Advice Letter 818-A will be tracked as part of the interim rate true-up memorandum account.

19. Per Advice Letter 839, intervener compensation paid to the Hidden Hills Subunit Ratepayers Association (HHSRA) will be recovered through a connection surcharge for two months effective July 1, 2010. HHSRA was awarded \$56,909 and \$37,356 in D.10-02-029 and 10-05-011. The connection surcharge will be collected from customers in the Monterey, Bishop, Ambler, Hidden Hills, Ambler and Ryan Ranch systems. (N)

| Connection Size | Connection Surcharge |
|----------------------|----------------------|
| < or equal to 4-inch | \$0.07 |
| 6-inch | \$0.15 |
| 8-inch | \$0.23 |
| 10-inch | \$0.33 |

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 839

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAY 14 2010

EFFECTIVE JUL 1 2010

DECISION NO. D.10-02-029 & 10-05-011

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO. 5616-W

CANCELING

Revised

C.P.U.C. SHEET NO. 5115-W

Schedule No. MO-4H (continued)
 Monterey District Tariff Area
PRIVATE FIRE HYDRANT SERVICE (continued)

SPECIAL CONDITIONS (continued):

19. Per the effective date of Advice Letter 709, a surcharge is included on each bill to recover costs related to the Forest Lake Tank #3 project authorized in D.06-11-050. Customers will see a monthly connection surcharge of \$0.33.
20. Per Advice Letter 741 and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an over collection in the minimum Employee Retirement Income Security Act (ERISA) pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission.
21. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A.08-01-027 back to May 11, 2009.
22. Per Advice Letter 825-A, a volumetric-based surcharge is included on each bill to recover \$3,515,870 (N) in payments made to the National Oceanic and Atmospheric Administration (NOAA) for Endangered Species Act (ESA) mitigation activities on the Carmel River Dam. Customers in the Monterey main system will see a surcharge of \$0.0520 per 10 cubic feet. This surcharge is effective from July 1, 2010 through December 31, 2011.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 825-A

ISSUED BY

D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)

DATE FILED MAR 17 2010

NAME

EFFECTIVE AUG - 1 - 2010

DECISION NO. D.09-07-022 & 09-07-021

DIRECTOR - RATES & REGULATION

RESOLUTION NO. W 4833

TITLE

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 13:

Provide for last two calendar years the number of customers that LFUCG requested be disconnected and the number that actually have been disconnected for failure to pay sewer charges.

Response:

Per the contract with LFUCG, payments are applied to the outstanding balances in the following priority: (1) KAWC Water Charges, (2) LFUCG Water Quality Charges, (3) LFUCG Landfill Charges, and (4) LFUCG Sewer Charges. The Company's shut-off policy and agreement with LFUCG permit termination of service for water for non-payment of water and sewer only. Given the payment priority matrix mentioned above, if a customer does not pay their water bill then sewer will also be unpaid and subject to collection from the termination of service. The Company's current billing system does not have the ability to track whether a shut-off for non-pay was related to both water and sewer or sewer only. In addition, LFUCG does not request disconnection, that occurs automatically if the water, water/sewer, or sewer balances are overdue and the customer has been provided the proper notice of termination.

For the electronic version, refer to KAW_R_PSchDR1#13_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 14:

Explain whether a customer that does not pay the water quality management fee, but pays his/her water bill, would be disconnected from water service and whether the contract between LFUCG and Kentucky American requires disconnection if the fee is unpaid. Provide the number of customers that LFUCG requested be disconnected and the number that actually have been disconnected for failure to pay the water quality management fee.

Response:

Please see the response to Hearing Data Request, Question 13. The non-payment of the water quality fee is not covered by a specific provision for termination of service per the agreement with the LFUCG. However, due to the payment priority matrix explained in question 13, if the allocation of payments does not cover the sewer portion of the outstanding balance for a customer, he/she could have service terminated. The Company's billing system does not provide for tracking of whether non-payment of water, water/sewer or sewer was the reason for terminating service.

For the electronic version, refer to KAW_R_PSCHDR1#14_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 15:

- 1) Provide 13 month average CWIP balance for forecasted test period adjusted for slippage.
- 2) Provide a separate schedule for 13 month AFUDC balance on all projects in case adjusted for slippage.

Schedules should be in Excel.

Response:

Please see attached. For the excel version, refer to the file labeled as KAW_R_PSCHDR1#15_082010.xls, tabs CWIP bal and AFUDC.

For the electronic version of this document, refer to KAW_R_PSCHDR1#15_082010.pdf.

Kentucky-American Water Company
Monthly CWIP Balance by Project
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Code
Item A - S 120.86%
IP's 90.80%
SOS 100.00%
Budget

Estimated Dates
Starting Date Completion Date

Book
AFUDC

| Item | Code | Description | Month | Year | Month | Year | Account | Y/N | Book | AFUDC | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 |
|------|------|-----------------------------|-------|------|-------|------|---------|-----|------|-------|---------|---------|---------|---------|---------|---------|---------|
| DV | 1 | Mains | VAR | VAR | VAR | VAR | 331001 | N | | | 348,082 | 309,406 | 294,902 | 299,737 | 335,512 | 443,804 | 413,347 |
| DV | 1 | Services | VAR | VAR | VAR | VAR | 333000 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DV | 1 | Hydrants | VAR | VAR | VAR | VAR | 334130 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DV | 1 | Meters | VAR | VAR | VAR | VAR | 334200 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DV | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334130 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DV | 1 | Hydrants | VAR | VAR | VAR | VAR | 335000 | N | | | 87,020 | 77,351 | 73,725 | 74,933 | 83,877 | 49,311 | 45,928 |
| DV | 1 | Land | VAR | VAR | VAR | VAR | 303500 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DV | 1 | Elevated Tanks & Standpipes | VAR | VAR | VAR | VAR | 330100 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A | 1 | Mains | VAR | VAR | VAR | VAR | 331001 | Y | | | 114,820 | 54,389 | 54,388 | 0 | 0 | 0 | 0 |
| A | 1 | Services | VAR | VAR | VAR | VAR | 333000 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A | 1 | Hydrants | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A | 1 | Meters | VAR | VAR | VAR | VAR | 334200 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B | 1 | Mains | VAR | VAR | VAR | VAR | 331001 | Y | | | 175,251 | 80,432 | 42,303 | 18,130 | 12,087 | 6,044 | 18,131 |
| B | 1 | Services | VAR | VAR | VAR | VAR | 333000 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B | 1 | Hydrants | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B | 1 | Meters | VAR | VAR | VAR | VAR | 303500 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B | 1 | Land | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334200 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C | 1 | Mains | VAR | VAR | VAR | VAR | 331001 | Y | | | 15,712 | 21,756 | 35,051 | 29,491 | 24,174 | 27,800 | 15,714 |
| C | 1 | Services | VAR | VAR | VAR | VAR | 333000 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C | 1 | Hydrants | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C | 1 | Meters | VAR | VAR | VAR | VAR | 303500 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C | 1 | Land | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334200 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D | 1 | Mains | VAR | VAR | VAR | VAR | 331001 | Y | | | 205,465 | 84,604 | 72,518 | 48,346 | 30,216 | 18,130 | 30,216 |
| D | 1 | Services | VAR | VAR | VAR | VAR | 333000 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D | 1 | Hydrants | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D | 1 | Meters | VAR | VAR | VAR | VAR | 303500 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D | 1 | Land | VAR | VAR | VAR | VAR | 334130 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334200 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| E | 1 | Meter Vaults | VAR | VAR | VAR | VAR | 334300 | Y | | | 91,857 | 4,837 | 2,420 | 2,420 | 3,629 | 4,837 | 2,421 |
| E | 1 | Hydrants | VAR | VAR | VAR | VAR | 335000 | Y | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| F | 1 | Hydrants | VAR | VAR | VAR | VAR | 335000 | Y | | | 26,588 | 26,588 | 15,710 | 10,875 | 7,249 | 16,918 | 21,752 |
| G | 1 | Services | VAR | VAR | VAR | VAR | 333000 | N | | | 123,189 | 89,801 | 86,175 | 92,852 | 55,839 | 63,302 | 76,386 |
| G | 1 | Services | VAR | VAR | VAR | VAR | 333000 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| H | 1 | Services | VAR | VAR | VAR | VAR | 340230 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| H | 1 | Services | VAR | VAR | VAR | VAR | 330000 | N | | | 127,561 | 157,119 | 138,868 | 156,447 | 112,405 | 142,857 | 145,275 |
| H | 1 | Services | VAR | VAR | VAR | VAR | 340230 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| I | 1 | Meters Bronze Case | VAR | VAR | VAR | VAR | 334110 | N | | | 113,029 | 99,675 | 92,123 | 92,124 | 72,256 | 86,324 | 99,733 |
| I | 1 | Meter Other | VAR | VAR | VAR | VAR | 334130 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| I | 1 | Meters Rem Read | VAR | VAR | VAR | VAR | 334131 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| I | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334200 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| I | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334200 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| J | 1 | Meters Bronze Case | VAR | VAR | VAR | VAR | 334110 | N | | | 207,761 | 200,907 | 156,342 | 138,178 | 87,731 | 36,524 | 66,161 |
| J | 1 | Meter Other | VAR | VAR | VAR | VAR | 334130 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| J | 1 | Meters Rem Read | VAR | VAR | VAR | VAR | 334200 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| J | 1 | Meter Installations | VAR | VAR | VAR | VAR | 345000 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| J | 1 | Meter Installations | VAR | VAR | VAR | VAR | 334200 | N | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Kentucky-American Water Company
Monthly CWIP Balance by Project
Base Test Year: 05/31/70
Forecasted Test Year: 09/30/11

Item Code Description
K 1 Computers & Periph Mainframe
K 1 Computers & Periph Personal
K 1 Computer Software
K 1 SCADA Equipment and System
K 1 Communication Equipment

L 1 SCADA Equipment and System
L 1 Electric pumping equipment
L 1 WT equipment non-media
L 1 Communication Equipment - Instrumentalatic

M 1 Structure & Imp Misc
M 1 Structure & Impr - PU
M 1 Structure & Impr - WT
M 1 Structure & Impr - TD
M 1 Structure & Impr - Ag
M 1 Structure & Impr - Offices
M 1 Structure & Impr - Stores, Shop, & Garage
M 1 Structure & Impr - Misc

N 1 Misc Equipment
N 1 Office Structures
N 1 Misc Structures
N 1 Office Furniture and Equipment
N 1 Tools, Shop, & Garage Equipment

O 1 Trans Equipment Light Trucks
O 1 Trans Equipment Heavy Trucks
O 1 Trans Equipment Autos
O 1 Trans Equipment Other
O 1 Power Operated Equipment

P 1 Electric pumping equipment
P 1 WT equipment non-media
P 1 Tools, Shop, & Garage Equipment
P 1 Laboratory Equipment
P 1 Miscellaneous Equipment

Q 1 Struct. & Imp. SS
Q 1 Struct. & Imp. P
Q 1 Struct. & Imp. WT
Q 1 Struct. & Imp. AG
Q 1 Struct. & Imp. Office
Q 1 Struct. & Imp. Misc.
Q 1 Power Generation Equip.
Q 1 Pumping Equipment SS
Q 1 Water Treatment Non-Media
Q 1 Dist Reservoirs & Standpipe
Q 1 Laboratory Equipment
Q 1 Power Operated Equipment
Q 1 Tools, Shop, & Garage Equipment
Q 1 Communication Equipment

R 1 Distribution Reservoirs & Standpipes
R 1 Elevated Tanks & Standpipes

| Item | Code | Description | Standard Dates | | Estimated Dates | | Book AFUDC | Book Y/N | Account | CWIP Bal Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 |
|------|------|--|----------------|------|-----------------|------|------------|----------|---------|-----------------|--------|--------|---------|---------|---------|--------|
| | | | Month | Year | Month | Year | | | | | | | | | | |
| K | 1 | Computers & Periph Mainframe | VAR | VAR | VAR | VAR | N | 3402101 | 18,080 | 0 | 2,055 | 17,080 | 29,309 | 24,172 | 12,389 | |
| K | 1 | Computers & Periph Personal | VAR | VAR | VAR | VAR | N | 3042301 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| K | 1 | Computer Software | VAR | VAR | VAR | VAR | N | 3403300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| K | 1 | SCADA Equipment and System | VAR | VAR | VAR | VAR | N | 3201000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| K | 1 | Communication Equipment | VAR | VAR | VAR | VAR | N | 3461000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| L | 1 | SCADA Equipment and System | VAR | VAR | VAR | VAR | Y | 3201000 | 271 | 0 | 0 | 16,129 | 12,087 | 16,130 | 16,317 | |
| L | 1 | Electric pumping equipment | VAR | VAR | VAR | VAR | Y | 3112000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| L | 1 | WT equipment non-media | VAR | VAR | VAR | VAR | Y | 3201000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| L | 1 | Communication Equipment - Instrumentalatic | VAR | VAR | VAR | VAR | Y | 3461000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Imp Misc | VAR | VAR | VAR | VAR | Y | 3041000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - PU | VAR | VAR | VAR | VAR | Y | 3042000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - WT | VAR | VAR | VAR | VAR | Y | 3043000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - TD | VAR | VAR | VAR | VAR | Y | 3044000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Ag | VAR | VAR | VAR | VAR | Y | 3045000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Offices | VAR | VAR | VAR | VAR | Y | 3046000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Stores, Shop, & Garage | VAR | VAR | VAR | VAR | Y | 3047000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Misc | VAR | VAR | VAR | VAR | Y | 3048000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| N | 1 | Misc Equipment | VAR | VAR | VAR | VAR | N | 3470001 | 0 | 0 | 0 | 12,086 | 0 | 0 | 24,173 | |
| N | 1 | Office Structures | VAR | VAR | VAR | VAR | N | 3046000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| N | 1 | Misc Structures | VAR | VAR | VAR | VAR | N | 3048000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| N | 1 | Office Furniture and Equipment | VAR | VAR | VAR | VAR | N | 3401000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| N | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | VAR | N | 3430001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| O | 1 | Trans Equipment Light Trucks | VAR | VAR | VAR | VAR | N | 3411001 | 39,885 | 0 | 0 | 0 | 0 | 88,287 | 76,143 | |
| O | 1 | Trans Equipment Heavy Trucks | VAR | VAR | VAR | VAR | N | 3414000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| O | 1 | Trans Equipment Autos | VAR | VAR | VAR | VAR | N | 3413001 | 0 | 0 | 0 | 0 | 0 | 22,359 | 44,719 | |
| O | 1 | Trans Equipment Other | VAR | VAR | VAR | VAR | N | 3412000 | 13,295 | 0 | 0 | 0 | 0 | 0 | 0 | |
| O | 1 | Power Operated Equipment | VAR | VAR | VAR | VAR | N | 3450000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| P | 1 | Electric pumping equipment | VAR | VAR | VAR | VAR | N | 3112000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| P | 1 | WT equipment non-media | VAR | VAR | VAR | VAR | N | 3201000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| P | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | VAR | N | 3430001 | 2,427 | 0 | 24,173 | 24,173 | 33,843 | 24,175 | 12,089 | |
| P | 1 | Laboratory Equipment | VAR | VAR | VAR | VAR | N | 3440000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| P | 1 | Miscellaneous Equipment | VAR | VAR | VAR | VAR | N | 3470000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. SS | VAR | VAR | VAR | VAR | Y | 3041000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. P | VAR | VAR | VAR | VAR | Y | 3042000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. WT | VAR | VAR | VAR | VAR | Y | 3043000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. AG | VAR | VAR | VAR | VAR | Y | 3045000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. Office | VAR | VAR | VAR | VAR | Y | 3046000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. Misc. | VAR | VAR | VAR | VAR | Y | 3048000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Power Generation Equip. | VAR | VAR | VAR | VAR | Y | 3100000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Pumping Equipment SS | VAR | VAR | VAR | VAR | Y | 3115200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Water Treatment Non-Media | VAR | VAR | VAR | VAR | Y | 3201000 | 6,121 | 0 | 36,258 | 36,258 | 245,530 | 114,214 | 127,508 | |
| Q | 1 | Dist Reservoirs & Standpipe | VAR | VAR | VAR | VAR | Y | 3300000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Laboratory Equipment | VAR | VAR | VAR | VAR | Y | 3440000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Power Operated Equipment | VAR | VAR | VAR | VAR | Y | 3450000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | VAR | Y | 3430001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Q | 1 | Communication Equipment | VAR | VAR | VAR | VAR | Y | 3461800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| R | 1 | Distribution Reservoirs & Standpipes | VAR | VAR | VAR | VAR | Y | 3300000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| R | 1 | Elevated Tanks & Standpipes | VAR | VAR | VAR | VAR | Y | 3301000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

Kentucky-American Water Company
Monthly CWP Balance by Project
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - S 120.86%
IP's 90.60%
SOS 100.00%
Budget

Estimated Dates
Starting Date** Completion Date

| Item | Code | Description | Starting Date** | | Completion Date | | Book | AFJDC | Nov-10 | Dec-10 | Jan-11 | Feb-11 |
|------|------|---|-----------------|------|-----------------|------|------|--------|---------|---------|--------|--------|
| | | | Month | Year | Month | Year | | | | | | |
| K | 1 | Computers & Periph Mainframe | VAR | VAR | VAR | VAR | N | 1,814 | 1 | 1 | 24,173 | |
| K | 1 | Computers & Periph Personal | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| K | 1 | Computer Software | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| K | 1 | SCADA Equipment and System | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| K | 1 | Communication Equipment | VAR | VAR | VAR | VAR | N | 0 | 2 | 0 | 0 | |
| L | 1 | SCADA Equipment and System | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| L | 1 | Electric pumping equipment | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| L | 1 | WT equipment non-media | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| L | 1 | Communication Equipment - Instrumental | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Imp Misc | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - PU | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - WT | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - TD | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Ag | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Offices | VAR | VAR | VAR | VAR | Y | 12,066 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Stores, Shop, & Garage | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| M | 1 | Structure & Impr - Misc | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| N | 1 | Misc Equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| N | 1 | Office Structures | VAR | VAR | VAR | VAR | N | 0 | 24,173 | 0 | 0 | |
| N | 1 | Misc Structures | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| N | 1 | Office Furniture and Equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| N | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| O | 1 | Trans Equipment Light Trucks | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| O | 1 | Trans Equipment Heavy Trucks | VAR | VAR | VAR | VAR | N | 0 | 246,559 | 506,412 | 0 | |
| O | 1 | Trans Equipment Autos | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| O | 1 | Trans Equipment Other | VAR | VAR | VAR | VAR | N | 0 | 44,720 | 0 | 0 | |
| O | 1 | Power-Operated Equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| P | 1 | Electric pumping equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| P | 1 | WT equipment non-media | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| P | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | VAR | N | 6,046 | 0 | 0 | 0 | |
| P | 1 | Laboratory Equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 8,480 | 14,504 | |
| P | 1 | Miscellaneous Equipment | VAR | VAR | VAR | VAR | N | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct & Imp, SS | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct & Imp, P | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct & Imp, WT | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct & Imp, AG | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. Office | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Struct. & Imp. Misc. | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Power Generation Equip. | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Pumping Equipment SS | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Water Treatment Non-Media | VAR | VAR | VAR | VAR | Y | 64,603 | 38,494 | 54,387 | 65,264 | |
| Q | 1 | Dist Reservoirs & Standpipe | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Laboratory Equipment | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Power Operated Equipment | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| Q | 1 | Communication Equipment | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| R | 1 | Distribution Reservoirs & Standpipes | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |
| R | 1 | Elevated Tanks & Standpipes | VAR | VAR | VAR | VAR | Y | 0 | 0 | 0 | 0 | |

Kentucky-American Water Company
Monthly CWIP Balance by Project
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - S 120.88%
IP's 90.80%
SOS 100.00%
Budget

| Item | Code | Description | Starting Date | | Completion Date | | Book AFUDC | Account | Y/N | CWIP + Transfers Nov-09 | CWIP Bal Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | |
|------------|------|-------------------------------------|---------------|------|-----------------|--------|------------|---------|--------|-------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | Month | Year | Month | Year | | | | | | | | | | | | |
| IP-1232-3 | 2 | Northern Division Connection | - | 8 | 2012 | 331001 | Y | 83,705 | 76,004 | 76,004 | 76,004 | 76,004 | 76,004 | 76,004 | 76,004 | 76,004 | 76,004 | |
| 12020402 | 2 | Major Highway Relocations | - | 12 | 2008 | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 12020702 | 2 | Ky Major Highway | - | 12 | 2009 | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| CS-1201-1 | 2 | Business Transformation CPS | - | 12 | 2009 | 339600 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| DV-1232-2 | 2 | Projects Funded by Others | - | - | 0 | 331001 | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| IP-1201-10 | 2 | Unallocated Engineering Overhead | - | 12 | 2009 | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| IP-1232-1 | 2 | Owenton-Past Acquisition Phase 2 | - | 12 | 2016 | 320100 | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| CS-1201-3 | Y | Business Transformation 2010 - 2014 | - | 12 | 2014 | 339600 | Y | 0 | 0 | 29,301 | 80,534 | 216,053 | 1,868,383 | 2,016,097 | 2,168,445 | | | |
| | | | | | | | | | | | 131,559,705 | 138,141,866 | 144,438,488 | 147,903,183 | 151,841,423 | 158,638,837 | 160,056,504 | 163,676,046 |

Kentucky-American Water Company
Monthly CWIP Balance by Project
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - S 120.86%
IP's 90.80%
SOS 100.00%
Budget

| Item | Code | Description | Estimated Dates | | Book | Account | AFUDC | C/WIP Balance | | | | | | | | | | | |
|------------|------|-------------------------------------|-----------------|------|------|---------|-------|---------------|-----------|-----------|------------|------------|------------|------------|-----------|-------|------|-------|------|
| | | | Month | Year | | | | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year |
| IP-1232-3 | 2 | Northern Division Connection | - | 8 | 2012 | 331001 | Y | 802,404 | 1,211,004 | 1,665,004 | 2,164,404 | 2,663,804 | 3,163,204 | 3,526,404 | 1,252,912 | | | | |
| 12020402 | 2 | Major Highway Relocations | - | 12 | 2008 | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| 12020702 | 2 | Ky Major Highway | - | 12 | 2009 | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| CS-1201-1 | 2 | Business Transformation CPS | - | 12 | 2009 | 338600 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| DV--1232-2 | 2 | Projects Funded by Others | - | - | 0 | 331001 | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| IP-1201-10 | 2 | Unallocated Engineering Overhead | - | 12 | 2009 | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| IP-1232-1 | 2 | Owenton-Post Acquisition Phase 2 | - | 12 | 2016 | 320100 | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| CS-1201-3 | Y | Business Transformation 2010 - 2014 | - | 12 | 2014 | 338600 | Y | 4,583,061 | 4,768,396 | 4,954,983 | 5,201,819 | 5,465,694 | 5,729,948 | 5,994,240 | 4,471,634 | | | | |
| | | | | | | | | 6,868,817 | 8,375,854 | 9,230,165 | 10,718,986 | 12,347,829 | 13,868,611 | 14,796,034 | 9,438,468 | | | | |

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862%
IP's 90.8%
SOS 100.0%
Budget

| Item | Code | Description | Estimated Dates | | Tax | | Book | | Jan-11 | Feb-11 | Mar-11 |
|------|------|-----------------------------|-----------------|------|-----|---------|------|-------|--------|--------|--------|
| | | | Month | Year | Y/N | Account | Y/N | AFUDC | | | |
| DV | 1 | Mains | VAR | VAR | Y | 331001 | N | 0 | 0 | 0 | 0 |
| DV | 1 | Services | VAR | VAR | Y | 333000 | N | 0 | 0 | 0 | 0 |
| DV | 1 | Meters | VAR | VAR | Y | 334130 | N | 0 | 0 | 0 | 0 |
| DV | 1 | Meter Installations | VAR | VAR | Y | 334200 | N | 0 | 0 | 0 | 0 |
| DV | 1 | Hydrants | VAR | VAR | Y | 335000 | N | 0 | 0 | 0 | 0 |
| DV | 1 | Land | VAR | VAR | Y | 303500 | N | 0 | 0 | 0 | 0 |
| DV | 1 | Elevated Tanks & Standpipes | VAR | VAR | Y | 330100 | N | 0 | 0 | 0 | 0 |
| A | 1 | Mains | VAR | VAR | Y | 331001 | Y | 679 | 479 | 193 | 0 |
| A | 1 | Services | VAR | VAR | Y | 333000 | Y | 0 | 0 | 0 | 0 |
| A | 1 | Hydrants | VAR | VAR | Y | 335000 | Y | 0 | 0 | 0 | 0 |
| A | 1 | Land | VAR | VAR | Y | 303500 | Y | 0 | 0 | 0 | 0 |
| A | 1 | Meters | VAR | VAR | Y | 334130 | Y | 0 | 0 | 0 | 0 |
| A | 1 | Meter Installations | VAR | VAR | Y | 334200 | Y | 0 | 0 | 0 | 0 |
| B | 1 | Mains | VAR | VAR | Y | 331001 | Y | 858 | 479 | 214 | 107 |
| B | 1 | Services | VAR | VAR | Y | 333000 | Y | 0 | 0 | 0 | 0 |
| B | 1 | Hydrants | VAR | VAR | Y | 335000 | Y | 0 | 0 | 0 | 0 |
| B | 1 | Land | VAR | VAR | Y | 303500 | Y | 0 | 0 | 0 | 0 |
| B | 1 | Meters | VAR | VAR | Y | 334130 | Y | 0 | 0 | 0 | 0 |
| B | 1 | Meter Installations | VAR | VAR | Y | 334200 | Y | 0 | 0 | 0 | 0 |
| C | 1 | Mains | VAR | VAR | Y | 331001 | Y | 144 | 164 | 229 | 190 |
| C | 1 | Services | VAR | VAR | Y | 333000 | Y | 0 | 0 | 0 | 0 |
| C | 1 | Hydrants | VAR | VAR | Y | 335000 | Y | 0 | 0 | 0 | 0 |
| C | 1 | Land | VAR | VAR | Y | 303500 | Y | 0 | 0 | 0 | 0 |
| C | 1 | Meters | VAR | VAR | Y | 334130 | Y | 0 | 0 | 0 | 0 |
| C | 1 | Meter Installations | VAR | VAR | Y | 334200 | Y | 0 | 0 | 0 | 0 |
| D | 1 | Mains | VAR | VAR | Y | 331001 | Y | 1,259 | 860 | 426 | 278 |
| D | 1 | Services | VAR | VAR | Y | 333000 | Y | 0 | 0 | 0 | 0 |
| D | 1 | Hydrants | VAR | VAR | Y | 335000 | Y | 0 | 0 | 0 | 0 |
| D | 1 | Land | VAR | VAR | Y | 303500 | Y | 0 | 0 | 0 | 0 |
| D | 1 | Meters | VAR | VAR | Y | 334130 | Y | 0 | 0 | 0 | 0 |
| D | 1 | Meter Installations | VAR | VAR | Y | 334200 | Y | 0 | 0 | 0 | 0 |
| E | 1 | Meter Vaults | VAR | VAR | Y | 334300 | Y | 331 | 44 | 26 | 21 |
| F | 1 | Hydrants | VAR | VAR | Y | 335000 | Y | 160 | 160 | 94 | 64 |
| G | 1 | Services | VAR | VAR | N | 333000 | N | 0 | 0 | 0 | 0 |
| G | 1 | | VAR | VAR | N | 333000 | N | 0 | 0 | 0 | 0 |
| G | 1 | | VAR | VAR | N | 333000 | N | 0 | 0 | 0 | 0 |

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%

| Item | Code | Description | Estimated Dates | | Tax | | Book | | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Based on 13 mo avg CWIP Bk AFUDC Forecast Amount |
|-----------|------|---|-----------------|------|------|-------|------|--------|--------|--------|--------|--------|--------|--|
| | | | Month | Year | Year | Month | Year | Year | | | | | | |
| O | 1 | Trans Equipment Other | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O | 1 | Power Operated Equipment | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P | 1 | Electric pumping equipment | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P | 1 | WT equipment non-media | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P | 1 | Laboratory Equipment | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P | 1 | Miscellaneous Equipment | VAR | VAR | VAR | N | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Struct. & Imp. SS | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Struct. & Imp. P | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Struct. & Imp. WT | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Struct. & Imp. AG | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Struct. & Imp. Office | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Struct. & Imp. Misc. | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Power Generation Equip. | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Pumping Equipment SS | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Water Treatment Non-Media | VAR | VAR | VAR | Y | Y | 1,293 | 1,464 | 830 | 830 | 830 | 830 | 8,145 |
| Q | 1 | Dist Reservoirs & Standpipe | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Laboratory Equipment | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Power Operated Equipment | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Tools, Shop, & Garage Equipment | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | 1 | Communication Equipment | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R | 1 | Distribution Reservoirs & Standpipes | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R | 1 | Elevated Tanks & Standpipes | VAR | VAR | VAR | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| S | 1 | Engineering Studies | VAR | VAR | VAR | Y | Y | 137 | 218 | 107 | 107 | 86 | 86 | 929 |
| 12020204 | 2 | Source of Supply Project Dev | - | - | - | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IP-1202-5 | 2 | North Broadway Main Replacement | - | - | 9 | 2010 | Y | 331001 | 0 | 0 | 0 | 0 | 0 | 0 |
| IP-1202-6 | 2 | Install 34,000 of 16" along Carrick Pike | - | - | - | Y | Y | 149 | 149 | 149 | 149 | 149 | 149 | 1,788 |
| IP-1202-6 | 2 | Install 34,000 of 16" along Carrick Pike | - | - | 12 | 2012 | Y | 331001 | 417 | 900 | 2,105 | 3,552 | 10,310 | |
| IP-1202-9 | 2 | Install 22,700' of 12" in Todds and Cleveland | - | - | 12 | 2014 | Y | 331001 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 2 | | - | - | - | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862%
IP's 90.8%
SOS 100.0%
Budget

| Item | Code | Description | Estimated Dates | | Tax | | Book | | Jul-11 | Aug-11 | Sep-11 | Based on 13 mo avg CWIP Bk AFUDC Forecast Amount |
|------------|------|--|-----------------|------|------|---------|--------|---------|--------|--------|--------|--|
| | | | Month | Year | Y/N | Account | Y/N | Account | | | | |
| IP-1202-17 | 2 | South Limestone Replacement | - | 8 | 2010 | Y | 331001 | Y | 0 | 0 | 0 | 0 |
| 0 | 2 | | - | - | 0 | Y | - | 0 | 0 | 0 | 0 | 0 |
| 0 | 2 | | - | - | 0 | Y | - | 0 | 0 | 0 | 0 | 0 |
| IP-1202-18 | 2 | US 25 Relocation | - | 12 | 2010 | Y | 311200 | Y | 0 | 0 | 0 | 40,436 |
| 0 | 2 | | - | - | 0 | Y | - | 0 | 0 | 0 | 0 | 0 |
| IP-1202-19 | 2 | Leestown Road | - | 12 | 2011 | Y | 331001 | Y | 1,292 | 2,337 | 3,865 | 35,767 |
| 0 | 0 | | - | - | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 |
| IP-1202-22 | 2 | KRS Raw Water Transfer | - | 12 | 2011 | Y | 311200 | Y | 0 | 321 | 1,070 | 4,708 |
| 0 | 0 | | - | - | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | | - | - | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | | - | - | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 |
| IP-1202-31 | 2 | KRS Raw Water Access | - | 12 | 2011 | Y | 304200 | Y | 547 | 1,174 | 2,138 | 18,908 |
| 0 | 0 | | - | - | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 |
| 12020607 | 2 | Pool 3 - Lakes, Rivers & Other Intakes | - | 9 | 2010 | Y | 306000 | Y | 0 | 0 | 0 | 0 |
| 0 | 0 | | - | - | 0 | Y | 304100 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 311200 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 304300 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 320100 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 309000 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 331001 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 330400 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 310000 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 335000 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 304200 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 330000 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 303400 | Y | 0 | 0 | 0 | 0 |
| | | | - | - | 0 | Y | 303200 | Y | 0 | 0 | 0 | 0 |
| IP-1202-32 | 2 | Lexington Operations Center | - | 12 | 2010 | Y | 304700 | Y | 0 | 0 | 0 | 22,663 |
| 0 | 0 | | - | - | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 |
| IP-1232-3 | 2 | Northern Division Connection | - | 8 | 2012 | Y | 331001 | Y | 7,130 | 10,185 | 13,561 | 102,605 |
| 12020402 | 2 | Major Highway Relocations | - | 12 | 2008 | Y | 331001 | Y | 0 | 0 | 0 | 0 |
| 12020702 | 2 | Ky Major Highway | - | 12 | 2009 | Y | 331001 | Y | 0 | 0 | 0 | 0 |

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.662%
IP's 90.87%
SOS 100.0%
Budget

Code 1
Code 2
Based on 13 mo avg CWIP Bk AFUDC Forecast Amount

| Item | Code | Description | Estimated Dates | | Tax AFUDC | Book AFUDC | Aww Account | Y/N | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | |
|-------------------------|------|-------------------------------------|-----------------|---------|-----------|------------|-------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | | | Month | Year | | | | | | | | | | | |
| CS-1201-1 | 2 | Business Transformation CPS | - | 12 2009 | Y | Y | 339600 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DV--1232-2 | 2 | Projects Funded by Others | - | - 0 | Y | Y | 331001 | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IP-1201-10 | 2 | Unallocated Engineering Overhead | - | 12 2009 | Y | Y | 331001 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IP--1232-1 | 2 | Owenton-Post Acquisition Phase 2 | - | 12 2016 | Y | Y | 320100 | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CS-1201-3 | 2 | Business Transformation 2010 - 2014 | - | 12 2014 | Y | Y | 339600 | Y | 30,888 | 32,117 | 33,548 | 35,235 | 36,960 | 38,725 | 355,195 |
| | | | | | | | | | \$ 43,600 | \$ 50,754 | \$ 59,249 | \$ 68,486 | \$ 79,199 | \$ 87,274 | \$ 629,114 |
| Equity Portion of AFUDC | | | | | | | | | \$ 26,334 | \$ 30,655 | \$ 35,786 | \$ 41,970 | \$ 47,836 | \$ 52,713 | \$ 379,984 |
| Equity Gross-up Amount | | | | | | | | | \$ 16,766 | \$ 19,517 | \$ 22,784 | \$ 26,721 | \$ 30,455 | \$ 33,560 | \$ 241,921 |

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 16:

Does the Company agree with Mr. Smith's calculation of \$256,000 at issue on the FIN 48 issue?

Response:

Yes.

For the electronic version, refer to KAW_R_PSCHDR1#16_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 17:

When was AWW last audited by the IRS?

Response:

The last federal income tax return for AWW audited by the IRS was for the year 2005.

For the electronic version, refer to KAW_R_PSCHDR1#17_082010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 18:

Provide all other jurisdictions in which M. Miller's AIP study has been included as part of testimony.

Response:

While there has been a great deal of testimony by the AWW regulated subsidiaries regarding incentive compensation, after canvassing the other regulated subsidiaries, Mr. Miller's is the first and for now only testimony that incorporated a study that quantified the benefits of the performance based compensation plan of AWW subsidiaries that includes the AIP. Recently New Jersey American provided a similar study to that used by Mr. Miller in his rebuttal testimony regarding incentive compensation in response to a discovery request by the NJ Rates Council in BPU Docket No. WR10040260. That response is attached. New Jersey American expects to use this discovery response in future testimony filed in its rate case. Other AWW regulated subsidiaries are also preparing similar studies for use in future and current rate cases.

For the electronic version, refer to KAW_R_PSCDR1#18_082010.pdf.

**NEW JERSEY AMERICAN WATER COMPANY – 2010 RATE CASE
BPU DOCKET NO. WR10040260**

Rate Counsel Requests For Information (Accounting)

Witness: Sean Burke

RCR-A-101 With regard to the Company's incentive compensation programs, please provide the following information:

- a. Provide all studies and analyses that NJAWC has performed or commissioned that quantify the dollar benefits that the Company's incentive programs provide to the ratepayers.
- b. Provide all studies and analyses that NJAWC has performed or commissioned that quantify the productivity gains achieved as a direct result of the Company's incentive compensation programs.
- c. Provide all studies and analyses that NJAWC has performed or commissioned that the ratepayers are receiving more efficient service at significant cost reductions as a direct result of the Company's incentive compensation programs.
- d. Provide all studies and analyses that NJAWC has performed or commissioned that prove based on convincingly reliable evidence that rate increases have been delayed and that rates are lower as a direct result of the Company's incentive compensation programs.

Response:

- a. The Company has investigated the availability of resources to perform studies or analyses which would quantify in terms of dollars the benefits to ratepayers of its AIP and LTIP programs. The Company has been unable to locate any examples of such specific studies being available generally. After consultation with its Human Resources consultant, Towers Watson, the Company believes that such a study would be complex to perform, would require the design of a new data-gathering system to collect necessary data, and would involve a period of time to collect the data and analyze it. The Company has not requested a proposal to perform such a study given the limitations that are set forth above and the likely expense of obtaining a quantitative study.

The Company collects data on its performance relative to a number of objective factors. These are described more fully at pages 4-6 of the AIP program booklet, previously provided in response to Discovery Request RCR-A-100. As noted in Attachment A to the plan booklet, the Company's Environmental Compliance, Safety Performance, Customer Satisfaction, Service Quality, Business Transformation and Diversity are all monitored and become the basis for the Operational Component of the plan award calculation. These key performance indicators are incorporated

**NEW JERSEY AMERICAN WATER COMPANY – 2010 RATE CASE
BPU DOCKET NO. WR10040260**

Rate Counsel Requests For Information (Accounting)

into each employee's incentive plan targets. These are the objective performance elements the Company measures.

Environmental Compliance (NOV)

Environmental Compliance is measured by "Notice of Violation" (NOV) count defined as the number of times an official notice is issued by a primary agency for failure to comply with a federal, state, or local environmental statute or regulation that is covered under the scope of the American Water Environmental Management Policy.

Safety Performance

Safety performance will be measured on an OSHA Total Recordable Incident Rate (ORIR), which is defined as the rate of total injuries requiring treatment beyond first aid per 200,000 hours worked. ORIR focuses on total injury reduction which, by extension, improves Lost Work Day Case Rate (LWCR) and correlates more closely to workers' compensation claims and costs. LWCR will remain a personal performance goal for the Operations and Operational Risk Management functions.

Customer Satisfaction

Customer Satisfaction is based on the results of the annual Customer Satisfaction Survey (CSS) conducted in the fourth quarter each year through randomly selected customer contacts in each state. This survey will ask our customers "Overall, how satisfied have you been with [NJAWC] in general during the past twelve months?" This has a five-point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied).

Service Quality

Service Quality is based on the annual results of the Service Quality Surveys (SQS) conducted throughout the year with customers having had recent contact with an AW Customer Service (CSR) or Field Service (FSR) Representative. This survey will ask the customer, "Overall, how satisfied were you with the outcome of your service contact?" having a five point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied), is used to measure performance by evaluating the response percentage total for the top two categories (extremely or very satisfied).

**NEW JERSEY AMERICAN WATER COMPANY – 2010 RATE CASE
BPU DOCKET NO. WR10040260**

Rate Counsel Requests For Information (Accounting)

Business Transformation

Business Transformation will be based on the participation and development of new and improved processes across AWW that promote more efficient use of resources and work processes.

Diversity

Diversity will be based on training for all key managers, analysis of the pool of new hire candidates, and analysis of supplier/contractor sourcing.

While these measures may not be readily convertible to a dollar value to customers, there is no doubt they are important measures of the Company's performance relative to the customers and the communities served.

Further, the individual performance component of the AIP program, which is described more fully at pages 7-9 of the program booklet, is intended to provide a number of objective measures of each employee's performance, and quantify the results versus the objectives. While these measures are not the same for all employees, they are targeted by the employee and his manager to be meaningful measures to drive improved employee performance and increase value to the Company and its customers. Examples of individual goals would include: (1) meter change outs that would maintain compliance with Commission guidelines and improve revenue generation, (2) targets for valve operation, hydrant inspections, tank painting that incent employees to plan and complete the work necessary to maintain operational integrity, and (3) personal development targets that promote more effective management skills, education, key job skills and developing capable employees for succession planning. The individual measurable objectives are also based on a systematic approach to measuring employee performance and development which the Company's Human Resources Department has developed. Again, as with the Operations measures, these are not readily convertible to a dollar value to customers, but there is no doubt they are important measures of the employee's performance relative to the Company, its customers and the community served. These elements make up 100% of the plan award potential for each eligible employee.

The Company has not been able to perform a study that attempts to quantify the dollar benefits to customers of such incentive plans and believes such a study would be extremely costly if possible at all. However, the achievement of measurable goals such as reduction of environmental violations and lower accident rates clearly and directly impact costs through avoidance of fines, penalties and lost work time, etc,

**NEW JERSEY AMERICAN WATER COMPANY – 2010 RATE CASE
BPU DOCKET NO. WR10040260**

Rate Counsel Requests For Information (Accounting)

and more broadly, directly promote employee safety and customer service. Moreover, while not necessarily reducible to a dollar value, employee safety and customer service satisfaction are ultimate goals of public utility service, and achievement of these goals in fact generates more efficient, safe and reliable utility infrastructure and service which provides a direct benefit to current and future customers. The impact of a well run and efficient utility also equates to a lower cost of service than a poorly run and inefficient utility, again a direct financial benefit to current and future customers.

- b. The Company has attached several schedules that we believe quantify the benefits of having employees who are motivated and evaluated in a culture that rewards performance and not low or non-performance. It is difficult to quantify the financial impact of each of these metrics on performance, or to separate employee work performance savings from the many factors that affect expenses over time; but improved performance in each category does correspond to lower customer costs and/or customer service improvement. The first schedule compares the O&M costs per customer increase since 2004 to the rate of inflation. The schedule indicates a number of O&M expenses that were not included in the analysis because they were i) costs not charged consistently in all years due to extraordinary events such as Northeast Region charges in management fees, ii) expenses not directly under the control of local management such as insurance other than group, iii) pension and OPEB costs predominantly driven by financial market conditions and not related to inflation, and iv) depreciation costs through AWWSC that would have been depreciation costs and return on investment if NJAWC had purchased those capital assets directly. The result of this analysis shows that the Company's controllable O&M cost growth approximates the rate of inflation, even when the Company experienced dramatic increases in: i) its electricity costs from the electric utility providers (64%), ii) chemical costs up over 100% driven by relationship to petroleum market increases and increased delivery costs due to cost of fuel iii) an increase of 30% in the cost of gasoline and fuel per gallon. The Company believes that keeping its O&M cost per customer near the rate of inflation during the troubled financial conditions experienced and quantified above, is a direct customer benefit that resulted in part due to the performance driven culture (of which the AIP is a large part) at NJAWC and AWWSC. The NJAWC and AWWSC management have found offsets to those large increases through more efficient operations and productivity gains in the other areas and costs of running the business. If the Company removed the Power and Chemical expenses from the attachment the cumulative increase in O&M per customer falls to 7.69% while inflation was 12.80%.

NEW JERSEY AMERICAN WATER COMPANY – 2010 RATE CASE
BPU DOCKET NO. WR10040260

Rate Counsel Requests For Information (Accounting)

The second schedule shows a number of Key Performance Indicators (KPIs) that are regularly reviewed to track progress and improvements in customer satisfaction, operational integrity, meter reading accuracy, customer service order execution, effective collections, Non-Revenue Water and safety. Some of the metrics have been added since 2007 and the information was not readily available for all three years (2007-2009). The schedule also shows the trends with green indicating improvement, yellow-neutral, and red-needs improvement. The schedule shows improvement in all areas except the recordable injury rate for 2009. Again the improvements shown in those ratios are driven by the performance based culture of NJAWC and AWWSC, which the AIP and meaningful performance goals and reviews for the employees promote. While is difficult to quantify the impact of those improvements in dollars, a more productive workforce, safe workforce, and water quality compliance have benefitted and continue to benefit NJAWC's customers in cost savings and improved service.

- c. Please see responses to parts a. and b. of this question.
- d. As a threshold matter, the request for “convincingly reliable evidence” is argumentative and has no legal definition within the discovery process; whether information supplied in a proceeding is convincing and reliable is a determination for the trier of fact. Also, as noted above in regard to parts a. and b. to this question, it is difficult, if not impossible, to truly separate *and differentiate* all the elements which together impact the factors discussed in parts a. and b., or the elements which drive the need to file a rate case. To the extent that successfully mitigating cost increases which can be controlled to some degree by the Company contributes to longer periods between rate filings, the response to part b. of this question provides reliable evidence that those factors were not a driving force for rate cases.

**New Jersey American Water Company
Detail of O&M Costs
Attachment to RCR-A-101**

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|-------------|--------------|--------------|---------------|---------------|---------------|
| Labor | 43,440,206 | 38,956,686 | 37,449,441 | 44,337,216 | 46,341,330 | 52,095,918 |
| Purchased Water | 30,326,176 | 35,298,223 | 32,768,186 | 28,266,507 | 27,210,373 | 27,730,825 |
| Fuel & Power | 15,294,853 | 20,519,249 | 20,021,793 | 24,610,281 | 25,801,971 | 25,077,037 |
| Chemicals | 5,306,413 | 6,329,191 | 8,096,236 | 8,296,164 | 9,023,635 | 12,014,875 |
| Waste Disposal | 10,816,357 | 13,000,621 | 13,871,088 | 15,039,461 | 14,739,292 | 15,602,268 |
| Management Fees (1) | 20,563,985 | 27,397,320 | 26,612,918 | 30,162,628 | 26,407,759 | 23,684,924 |
| Customer Accounting | 5,660,919 | 7,233,422 | 8,526,876 | 5,828,082 | 6,443,880 | 7,191,238 |
| Rents | 978,267 | 395,617 | 24,102 | 21,474 | 134,182 | 323,329 |
| Miscellaneous | 20,314,369 | 17,859,827 | 17,759,967 | 23,375,871 | 20,844,316 | 19,102,089 |
| Maintenance (2) | 10,520,746 | 9,652,272 | 10,991,404 | 15,936,901 | 14,241,112 | 16,173,376 |
| Total O&M Expense (3) | 163,222,281 | 176,642,428 | 176,122,011 | 195,873,585 | 191,187,850 | 198,995,879 |
| Customers | 604,779 | 610,622 | 621,312 | 627,977 | 638,147 | 640,258 |
| O&M Cost per Customer | 269.89 | 289.28 | 283.47 | 311.91 | 299.60 | 310.81 |
| Annual Increase | | 7.19% | -2.01% | 10.03% | -3.95% | 3.74% |
| Cumulative Increase in O&M/Customer | | 7.19% | 5.18% | 15.21% | 11.26% | 15.00% |
| Total O&M Expense w/o Power and Chemicals | 142,621,015 | 149,793,988 | 148,003,982 | 162,968,140 | 156,362,244 | 161,903,967 |
| Customers | 604,779 | 610,622 | 621,312 | 627,977 | 638,147 | 640,258 |
| O&M Cost per Customer | 235.82 | 245.31 | 238.21 | 259.51 | 245.03 | 252.87 |
| Annual Increase | | 4.02% | -2.89% | 8.94% | -5.58% | 3.20% |
| Cumulative Increase in O&M/Customer | | 4.02% | 1.13% | 10.07% | 4.49% | 7.69% |
| Consumer Price Index | | 3.40% | 3.20% | 2.80% | 3.80% | -0.40% |
| Cumulative Increase in CPI | | 3.40% | 6.60% | 9.40% | 13.20% | 12.80% |

FOOTNOTES

- (1) Reflects the elimination of depreciation, OPEB, Pensions and Northeast Region charges.
- (2) Reflects the elimination of account 675110 Maint Exp ARO/Net Negative Salvage
- (3) Reflects the elimination of General Office and Insurance Other charges

New Jersey American Water Company
Key Performance Indicators
Response to RCR-A-101

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|
| Overall Customer Satisfaction | 85.0% | 93.0% | 91.0% |
| Service Quality Satisfaction | 78.0% | 83.0% | 85.0% |
| Customer Complaints | 1,170 | 1,117 | 1,092 |
| Customer Appointments Met Timely | 97.9% | 98.7% | 99.5% |
| Service Orders Completed as Scheduled | 93.6% | 94.0% | 97.1% |
| Non-Pay Shut-offs Worked | 49,651 | 39,722 | 41,064 |
| O&M Efficiency Rate | 46.2% | 45.7% | 44.9% |
| Operating Margin | 29.4% | 28.2% | 29.9% |
| Account Receivable over 90 days | 20.7% | 19.6% | 17.5% |
| NRW % | 14.2% | 16.2% | 13.7% |
| Estimated Meter Reads | 7.5% | 3.4% | 3.7% |
| Valve Operations | 53,722 | 42,782 | 46,835 |
| Hydrant Inspections | 51,323 | 46,299 | 46,701 |
| Environmental Notice of Violation (NOV) | 1 | 2 | 0 |
| OSHA Recordable Injury Rate | | 7.35 | 6.12 |
| Recordable Vehicle Accidents | 81 | 70 | 64 |
| General Liability Claims | 148 | 235 | 219 |
| Overtime Hours | 220,610 | 220,668 | 170,206 |

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 19:

Provide a comparison of O&M costs per customer from 2004-2009 to O&M costs per customer in the test year.

Response:

Please see the attached schedule. Please note that the forecasted test-year reflects 6 new employees hired as plant operators at the KRS II Treatment Facility. Also the FTY numbers reflect major increases for electric costs related to rates increases from our electric providers.

For the electronic version, refer to KAW_R_PSchDR1#19_082010.pdf.

**Kentucky American Water
Detail of O&M Costs
Response to Post Hearing Question #19**

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>9/30/2011</u> | FTY |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| Labor | 4,930,258 | 4,665,771 | 5,170,885 | 5,896,230 | 6,585,197 | 6,848,261 | 7,374,000 | 7,784,856 | See Note 2 |
| Purchased Water | 496,743 | 481,098 | 506,626 | 427,206 | 125,573 | 131,328 | 118,000 | 120,655 | |
| Fuel & Power | 1,946,055 | 2,462,919 | 2,638,270 | 2,827,611 | 3,244,960 | 3,014,306 | 3,837,000 | 4,375,584 | 124.84% |
| Chemicals | 1,228,405 | 1,212,789 | 1,495,887 | 1,691,698 | 1,749,092 | 2,234,754 | 1,977,000 | 1,772,730 | 44.31% |
| Waste Disposal | 160,801 | 292,070 | 324,447 | 260,565 | 270,251 | 233,982 | 265,000 | 340,226 | |
| Management Fees | 6,024,972 | 5,738,450 | 5,589,691 | 5,917,304 | 6,898,020 | 6,736,605 | 6,708,000 | 6,857,903 | |
| Insurance Other | 485,732 | 464,344 | 649,162 | 576,700 | 490,147 | 719,016 | 530,000 | 693,527 | |
| Customer Accounting | 1,361,593 | 1,377,864 | 1,399,605 | 1,425,214 | 1,536,013 | 1,617,110 | 1,739,000 | 1,712,853 | |
| Rents | 74,599 | 60,506 | 52,237 | 30,452 | 34,904 | 31,688 | 32,000 | 27,654 | |
| General Office | 411,482 | 440,174 | 470,171 | 463,222 | 566,915 | 531,596 | 597,000 | 639,778 | |
| Miscellaneous | 2,958,384 | 3,991,756 | 2,933,442 | 2,245,208 | 2,712,475 | 3,141,398 | 2,992,000 | 3,434,784 | |
| Maintenance | 1,239,646 | 1,285,709 | 1,058,154 | 1,014,501 | 1,263,805 | 1,249,094 | 1,870,000 | 1,272,341 | |
| Total O&M Expense (See Note 1) | 21,318,670 | 22,473,450 | 22,288,577 | 22,775,911 | 25,477,352 | 26,489,138 | 28,039,000 | 29,032,891 | |
| Customers | 110,706 | 112,229 | 115,783 | 117,088 | 118,246 | 118,855 | 120,176 | 121,479 | |
| O*M Cost per Customer | 192.57 | 200.25 | 192.50 | 194.52 | 215.46 | 222.87 | 233.32 | 239.00 | |

Note 1: Excludes non-recurring write-offs of reg. assets disallowed for rate recovery, SOX implementation costs, divestiture costs and NNS reclassification. Also excludes Group Insurance and Pension costs which have been driven by financial market conditions other than inflation, for both AWWSC & KAW. Also excludes depreciation expense at AWWSC due to change of policy in 2007 concerning purchases of IT hardware & software by AWWSC. This change resulted in an at cost recovery through AWWSC vs. historical rate base at KAW which resulted in a return on the investment saving KAW customers the return component.

Note 2: The FTY ended September 30, 2011 includes 6 new employees for plant operations at the KRS II Treatment Facility.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Michael A. Miller

Question 20:

Update actual rate case expenses through the end of hearing and provide estimates for remaining costs.

Response:

Please see the attached schedule.

For the electronic version, refer to KAW_R_PSCDR1#20_082010.pdf.

Kentucky American Water Company
2010 rate case expense

| MONTH | DESCRIPTION | ACCUM. BALANCE | SERVICE COMPANY | LEGAL | COST OF MONEY | OTHER | SCB Analysis | consulting |
|--|---|-------------------|--------------------|-------------------|------------------|------------------|------------------|------------------|
| 9-Oct | Stoll Keenon Ogden CP | 350.00 | | 350.00 | | | | |
| | | 77.03 | 77.03 | | | | | |
| 9-Nov | Stoll Keenon Ogden CP | 350.00 | | 350.00 | | | | |
| | | 6,635.31 | 6,635.31 | | | | | |
| 9-Dec | Jim Salsler CP | 1,551.31 | | | | | | 1,551.31 |
| | | 585.26 | | | | | | 585.26 |
| 10-Jan | Jim Salsler Baryenbruch & Co Stoll Keenon Ogden CP | 8,564.49 | 8,564.49 | | | | | |
| | | 4,543.09 | | | | | | |
| | | 26,085.00 | | 290.00 | | | 26,085.00 | |
| | | 290.00 | | | | | | |
| 10-Feb | Stoll Keenon Ogden Direct Response CP | 6,226.01 | 6,226.01 | | | | | |
| | | 7,200.50 | | 7,200.50 | | | | |
| | | 23,320.00 | | | | 23,320.00 | | |
| | | 2,068.17 | 2,068.17 | | | | | |
| 3/2/2010 | Baryenbruch & Co | 1,528.00 | | | | | 1528 | |
| 3/11/2010 | Stoll Keenon Ogden | 15,829.42 | | 15,829.42 | | | | |
| 3/19/2010 | Direct Response | 13,209.44 | | | | 13,209.44 | | |
| 3/31/2010 | CP | 2,822.69 | 2,822.69 | | | | | |
| 4/1/2010 | Creative Co Op LLC | 1,800.00 | | | | 1,800.00 | | |
| 4/21/2010 | Stoll Keenon Ogden | 43,095.07 | | 43,095.07 | | | | |
| 4/30/2010 | CP | 11,459.10 | 11,459.10 | | | | | |
| 4/7/2010 | Salsler, James E | 9,354.00 | | | | | | 9354 |
| 4/21/2010 | Financial Strategy | 9,562.50 | | | 9,562.50 | | | |
| 5/10/2010 | Stoll Keenon Ogden CP | 22,465.90 | | 22,465.90 | | | | |
| | | 10,202.46 | 10,202.46 | | | | | |
| 5/20/2010 | Baryenbruch & Co | 4,700.00 | | | | | 4700 | |
| 6/28/2010 | Financial Strategy | 4,037.50 | | | | 4,037.50 | | |
| 6/22/2010 | Baryenbruch & Co | 3,173.00 | | | | | 3,173.00 | |
| 6/30/2010 | CP | 3,517.42 | 3,517.42 | | | | | |
| 7/8/2010 | Stoll Keenon Ogden | 56,634.65 | | 56,634.65 | | | | |
| 7/22/2010 | Stoll Keenon Ogden | 35,129.45 | | 35,129.45 | | | | |
| 8/11/2010 | Towers Watson | 8,554.66 | | | | 8,554.66 | | |
| As of August 18, 2010 | | 344,921.43 | 51,572.68 | 181,344.99 | 9,562.50 | 50,921.60 | 35,486.00 | 16,033.66 |
| Hearing Preparation | | 99,500.00 | 10,100.00 | 65,000.00 | | | 5,600.00 | 18,800.00 |
| Hearing Expenses (time, travel and expenses) | | 54,700.00 | 9,000.00 | 29,800.00 | | | 3,150.00 | 12,750.00 |
| Post Hearing Briefs/DR's Etc. | | 54,000.00 | 9,000.00 | 45,000.00 | | | | |
| Estimated Total Expenses | | 553,121.43 | 79,672.68 | 321,144.99 | 9,562.50 | 50,921.60 | 44,236.00 | 47,583.66 |

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Lance E. Williams

Question 21:

Provide a breakout of the cost of installing fire hydrants in Fayette County based upon the Company's response to LFUCG 1-16.

Response:

Please see attached.

For the electronic version, refer to KAW_R_PSchDR1#21_082010.pdf.

**WORK AUTHORIZATION
 KENTUCKY AMERICAN WATER COMPANY**

PARENT WO: 10922

WO NO.

DATE: 8/18/2010

PREPARED BY:

| PROJECT TITLE: KAW_R_LFUCGDR2_081810 | | | | | | |
|---|----------|-------|---|----------|------------|------------|
| Purpose: Average Total Installed Cost of Type A-425 Hydrants | | | | | | |
| IS/O | QUANTITY | UNITS | DESCRIPTION | STOCK NO | UNIT COST | AMOUNT |
| | 1 | EACH | 6" MJ HYDRANT Type A-425 | | \$711.27 | |
| | 1 | EACH | 6" HYDRANT ANCHOR 90 D BEND | | \$86.90 | |
| | 1 | EACH | 6" HYDRANT ANCHOR NIPPLE 13" | | \$50.88 | |
| | 1 | EACH | VALVE BOX BASE | | \$38.05 | |
| | 1 | EACH | VALVE BOX TOP | | \$67.04 | |
| | 1 | EACH | 6" MJ GATE VALVE | | \$222.66 | |
| | 1 | EACH | 8" x 6" MJ TEE | | \$95.85 | |
| | | | | | \$1,272.65 | \$1,272.65 |
| | | | CONTRACT LABOR / EQUIP. | | | \$877.64 |
| | | | COMPANY LABOR/OVERHEADS (insp, cad, supv) | | | \$1,158.57 |
| | | | TOTAL | | | |

\$3,308.86

Inspector: _____

Contractor: _____

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
HEARING DATA REQUESTS**

Witness: Lance E. Williams

Question 22:

What type of hydrant is most commonly installed, especially in Fayette County?

Response:

Type A-425 is used in Fayette and Scott Counties and type A-423 is used in Owen, Bourbon, Clark and the City of Georgetown.

For the electronic version, refer to KAW_R_PSCHDR1#22_082010.pdf.