

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

- 10.** a. List the jurisdictions in which an American Water Works Company (“American Water”) operating subsidiary’s application to implement an infrastructure replacement tariff rider similar to KWAC’s proposed QIP was denied.
- b. For each jurisdiction listed in KAWC’s response to 10.a. provide the most recent order from the state’s utility regulatory commission denying the requested tariff rider.

Response:

- a. Iowa and Kentucky.
- b. A copy of the Final Decision and Order issued by the IUB in Docket No. RPU-2013-0002 is attached. Section V of that Order addresses Proposed Adjustment Clauses. The Order in Case No. 2012-00520 from the Kentucky Public Service Commission may be found in the docket for that case.

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA-AMERICAN WATER COMPANY	DOCKET NO. RPU-2013-0002
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FINAL DECISION AND ORDER

(Issued February 28, 2014)

I. PROCEDURAL HISTORY AND INTRODUCTION

On April 30, 2013, Iowa-American Water Company (Iowa-American) filed with the Utilities Board (Board) proposed water tariffs, identified as TF-2013-0069 and TF-2013-0070. In TF-2013-0069, Iowa-American proposed a temporary annual increase in its Iowa retail water revenue of approximately \$2.68 million, or about 7.5 percent over current Iowa retail water revenue. Pursuant to Iowa Code § 476.6(10), Iowa-American implemented its proposed temporary rates ten days after its April 30, 2013, filing; the rates are subject to refund. In TF-2013-0070, Iowa-American proposed a permanent annual increase in its Iowa retail water revenue of approximately \$6.4 million, or about 18 percent over its current revenues.

Iowa-American's filing indicates that the primary drivers for the requested increase are new utility plant investments of about \$16.1 million, increased capital costs of about \$2.2 million, and increased operations and maintenance expenses of about \$0.8 million. Iowa-American is also asking that the Board approve a surcharge that would allow Iowa-American to earn a return of and return on its investments in

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future infrastructure replacement without a rate proceeding, an automatic adjustment clause that would allow purchased power and chemical costs to be flowed through to customers on an automatic basis, and a declining usage adjustment to address declining water usage.

The Board issued an order on May 29, 2013, docketing the proposed filing and setting a procedural schedule. Two consumer comment hearings were held, one in Bettendorf on June 3, 2013, and the other in Clinton on June 4, 2013. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) is the only other party to the proceeding.

On July 19, 2013, the Board issued an order denying a motion for issue preclusion filed by Consumer Advocate. Consumer Advocate said that in this proceeding Iowa-American said it qualifies for an exception to the application of double leverage, an issue that was litigated in Iowa-American's last rate proceeding (Docket No. RPU-2011-0001, "Final Order" issued February 23, 2012) and decided adversely to Iowa-American. Because the Board's decision was issued only 14 months prior to the filing of the current rate case, Consumer Advocate said issue preclusion applied.

The Board denied the motion for issue preclusion because in a rate proceeding, the Iowa Supreme Court has said the Board functions in a legislative capacity, where application of issue preclusion is not appropriate. However, the Board did share Consumer Advocate's concern about the costs of re-litigating the

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same issues in multiple dockets and noted that Consumer Advocate could raise arguments that any rate case expense associated with the double leverage issue should not be recovered from ratepayers.

The Board held a hearing in this case on October 30-31, 2013. Iowa-American and Consumer Advocate filed post-hearing initial and reply briefs.

Iowa-American filed several exhibits after the hearing in response to requests for information by the Board. Consumer Advocate filed an objection to four of these (Exhibits 3, 4, 8, and 9) on November 14, 2013. In an order issued December 16, 2013, the Board sustained the objection, stating that the narrative, explanation, or testimony provided by Iowa-American in the four exhibits at issue went beyond the Board's requests for additional information and Iowa-American used these exhibits as an additional opportunity to submit explanatory testimony or argument. The Board noted that if the exhibits were admitted, Consumer Advocate would need time for discovery, filing rebuttal testimony, and perhaps cross-examination, which would necessitate extending the 10-month deadline. Neither party requested an extension to accommodate the four exhibits.

Consumer Advocate filed an objection to Iowa-American's report of actual rate case expense on January 2, 2014, alleging that it lacked the detail required by 199 IAC 26.4(6). Iowa-American filed additional expense support on January 10, 2014.

On January 16, 2014, Consumer Advocate filed a motion for reduction of recoverable rate case expense. Iowa-American filed a resistance to Consumer

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Advocate's motion on January 24, 2014, and Consumer Advocate filed a reply to the resistance on January 29, 2014. The Board will address the motion and resistance after it has addressed issues raised in the rate case.

II. RATE BASE ISSUES

A. Business Transformation

Iowa-American and Consumer Advocate agreed that \$4,939,942 associated with Iowa-American's business transformation program should remain in plant in-service. The corresponding amounts in accumulated depreciation and depreciation expense are to be as reflected in Iowa-American's filing. (Tr. 6-7; 700-701) Iowa-American's business transformation program includes computer hardware and software upgrades.

B. Cash Working Capital

Cash working capital is a reflection of the amount of investor-supplied capital used to cover the day-to-day cash needs of a utility. Calculation of the cash working capital is necessary because the utility provides a service but does not receive payment for the service for a certain number of days, which is called the revenue lag. Cash working capital also accounts for the fact that the utility receives a service from a vendor or employee but does not pay for the service for a certain number of days after it is provided, which is the payment lag. Iowa-American performed a lead/lag study to analyze Iowa-American's receipts and payments based on data for the

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twelve months ended December 31, 2012, in order to determine Iowa-American's cash working capital requirement. (Tr. 544)

Consumer Advocate disagreed with several adjustments made by Iowa-American for such things as revenue lag days, federal income tax expense lead days, property tax expense lead days, state income tax expense lead days, and miscellaneous expense lead days. Consumer Advocate said that the adjustments made by Iowa-American reduce test year revenue, creating the potential for windfall profits for Iowa-American at the expense of Iowa-American's ratepayers.

1. Bill Collection Days

Iowa-American's lead/lag study was based on daily accounts receivable balances and resulted in a calculation showing 26.58 bill collection days. Consumer Advocate argued it was appropriate to cut off bill collections days after 24 days, because after 23 days Iowa-American charges a late fee.

The Board will adopt Iowa-American's 26.58 bill collection days. Regardless of whether Iowa-American charges a late fee, cash is not available to Iowa-American for working capital from revenue that is uncollected and a late payment fee does not make up for uncollected revenue in the cash working capital calculation. This results in total revenue lag days of 72.05 days, which is composed of the 26.58 bill collection days and three uncontested figures: service lag days of 39.72 days, billing lag days of 4.97 days, and lockbox collection lag of 0.78 days.

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2. Federal and State Income Tax Expense Lead Days

In calculating federal income tax expense lead days, Consumer Advocate used a method based on monthly accruals while Iowa-American's method was based on actual payment dates. (Tr. 557) Iowa-American pays its income taxes quarterly.

Iowa-American counts the days until the tax payment and does not use monthly accruals. Because over 94 percent of Iowa-American's customers are billed on a quarterly basis (Thakadiyil Ex. 2), the average service period for Iowa-American's customers is 39.72 days. Consumer Advocate uses 15.2 days, a number that might be appropriate if Iowa-American's customers were billed monthly like most customers of Iowa's rate-regulated electric and gas utilities, but Consumer Advocate has not provided evidence to convince the Board that its monthly accrual method is more appropriate when most customers are billed quarterly. The Board will use Iowa-American's 37.0 tax expense lead days for federal income tax.

Consumer Advocate argued that its federal method should also be used to compute state income tax expense lead days. However, because the Board has determined it will use Iowa-American's computations for federal income tax expense lead days, it will also use Iowa-American's method for the state computation, which results in 52.25 lead days for state income taxes.

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3. Property Tax Expense Lead Days

Similar to the tax calculations, Consumer Advocate uses a method based on monthly accruals for each of the 12 months of the test year to calculate property tax expense lead days; Iow-American does not use a monthly accrual and counts the days until tax payment. As discussed above, Iow-American's method of calculating cash working capital is most appropriate, and it results in lead days of 332.86 days for property tax expense.

4. Miscellaneous Expense Lead Days

Consumer Advocate used Iow-American's 38.4 miscellaneous expense lead days for all expenses other than labor and fuel. Iow-American prepared an analysis for each expense category. Iow-American's method provides a more accurate result by analyzing each expense category and will be used to calculate cash working capital for other operations and maintenance expenses.

III. INCOME STATEMENT ISSUES

A. Unbilled Revenue

Iow-American said that unbilled revenue should be removed from the calculation of test year revenue, stating that unbilled revenue is an accounting entry recorded for financial statement purposes to account for services provided but not yet billed at the end of an accounting period. (Tr. 516) Iow-American noted that all customer meters are not read and billed on the last day of each month and,

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therefore, there is always a certain amount of revenue left unbilled that is related to services provided prior to the end of the month.

Consumer Advocate argued that Iowa-American's proposed unbilled revenue adjustment creates a mismatch between test year revenue and test year expenses, violating the matching principle. (Tr. 987) Consumer Advocate said a similar adjustment was rejected by the Board in a prior Iowa-American case. Iowa-American Water Company, "Final Decision and Order," Docket No. RPU-90-10 (10/21/1991), p. 27.

The proposed adjustment for unbilled revenue would result in a mismatch of revenues and expenses, violating the matching principle. Iowa-American proposed an adjustment for revenues because under the accrual method of accounting unbilled revenue is included as revenue in the test year. However, Iowa-American failed to make any corresponding adjustment for expenses. The proposed unbilled revenue adjustment will be rejected.

B. Uncollectible Expense

There are two issues related to uncollectible expense. The first is the amount of the test year adjustment to create a normalized amount of uncollectible expense to include in rates determined in this proceeding. Iowa-American and Consumer Advocate both agree an adjustment should be made, but disagree on the amount.

The second issue is whether there should be an additional adjustment to uncollectible expense, as proposed by Iowa-American, to account for uncollectible

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expense associated with the rate increase in this proceeding. Consumer Advocate opposed this adjustment.

1. Adjustment to Test Year

Iowa-American used an average of 2010, 2011, and 2012 data to calculate its uncollectible adjustment to the test year, which is the first issue. Iowa-American calculated the adjustment by first taking the ratio of the three-year average of net charge-offs to billed revenue and then applying the ratio to the pro forma present and proposed revenues. (Tr. 465, 472)

Consumer Advocate averaged three years of uncollectible expense (2009, 2010, and 2011) to determine its proposed adjustment to test year uncollectible expenses. Consumer Advocate said the use of the test year in the average carries any abnormal amounts forward.

Iowa-American's method produces an adjustment of (\$60,512) and Consumer Advocate's method produces an adjustment of (\$102,084) to uncollectible expenses. There are problems with both methods.

Iowa-American did not use the general ledger account expense for its calculation for uncollectible accounts expense, but instead used net charge-offs that include accruals, or a reserve, in its calculation for uncollectible accounts expense. The reserve includes an amount that Iowa-American is not certain of at the time Iowa-American books the expense. (Tr. 478-479) Consumer Advocate used the general ledger account balance, which is the appropriate starting point because this

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balance does not include a reserve and more accurately reflects the uncollectible expense.

However, in calculating the adjustment using a three-year average, the test year should normally be included to reflect the most recent uncollectible levels. No persuasive evidence was presented to exclude the test year from the average. Using a three-year simple average for the years 2010, 2011, and 2012, the adjustment to unbilled revenue reflected in Iowa-American's new rates will be (\$72,696).¹ A simple average more accurately measures the account experience than a ratio method.

2. Adjustment Based on Proposed Rates

Iowa-American argued that to the extent revenues are increased as a result of this proceeding, an adjustment should be made to reflect the fact that a portion of these revenues will also be uncollectible. Iowa-American said that there was a direct correlation between uncollectible expenses and revenues and that when revenues increase, uncollectible expenses also increase, with the ratio of uncollectible expense to revenue being about one percent over the past five years. (Tr. 481, 484) Iowa-American's method would result in a test year increase of \$63,530 to uncollectible expense to account for additional amounts that will not be collected under the new rates.

¹ The three year-average is \$333,075, which requires a decrease of test year expense of \$72,696 (\$333,075-\$405,771).

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Consumer Advocate opposed any adjustment to uncollectible expense to reflect new revenues that will not be collected. Consumer Advocate argued that the adjustment is speculative and not known and measureable, citing Iowa Code § 476.33(4).

The Board will not make an additional adjustment to account for any increase in uncollectible revenue based on the rates approved in this proceeding. Any adjustment based on other than present rates is speculative and not known and measureable; it is also an adjustment for something that will occur more than nine months after the end of the test year. A similar adjustment was rejected in another Iowa-American proceeding, Docket No. RPU-90-10.

The Board notes that Iowa-American included an increase in uncollectible expense based on new rates in the number that it grossed-up for taxes. Because that proposed adjustment will be rejected by the Board, the amount of this proposed adjustment will be removed before the gross-up for taxes.

C. Interest Synchronization

Interest synchronization is an adjustment to recognize the income tax effect of differences between the test period interest expense reported by Iowa-American and the interest expense included in the overall return on rate base. (Tr. 990) Iowa-American and Consumer Advocate agree that such an adjustment needs to be made and they also agree on the method used for the adjustment. Their differences are based on the size of rate base, weighted cost of debt, and the double leverage

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adjustment. The interest synchronization adjustment will be recalculated to reflect the Board's decisions on these three issues and reflected in the schedules attached to this order.

D. Weather Normalization and Declining Usage

Iowa-American proposed to decrease test year revenues for declining usage and weather normalization. Consumer Advocate did not make either of these adjustments to test year revenues. These issues will be discussed in detail later under Rate Design—Billing Units.

E. Fuel and Power, Chemicals, and Waste Disposal Expense

Iowa-American proposed an adjustment to certain test year expense levels to reflect a decrease in power consumption, chemical usage, and waste disposal; these adjustments are tied to Iowa-American's proposal to adjust test year sales for declining usage and weather normalization. Whether such adjustments to power consumption, chemical usage, and waste disposal are appropriate depends on the Board's decisions regarding declining usage and weather normalization. These issues will be discussed in detail later under Rate Design—Billing Units.

F. Property Tax

Iowa-American and Consumer Advocate agreed that the appropriate adjustment to test year property tax expense is \$263,006. The Board will reflect this adjustment to test year property tax expense.

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G. Rate Case Expense

Historically, the Board has typically amortized rate case expense over a three-year period. In this proceeding, Iowa-American has asked for a two-year amortization of current rate case expense and the unamortized balance from its prior rate case proceeding, Docket No. RPU-2011-0001. Iowa-American said a two-year amortization is consistent with its historic rate case pattern; Iowa-American filed rate proceedings in 2007, 2009, 2011, and 2013. Iowa-American said using a two-year amortization period would prevent rate case expense obligations being shifted to future customers.

Consumer Advocate recommended the Board use a three-year amortization, consistent with past practice in Iowa-American rate filings. Consumer Advocate pointed out that in 2011, Iowa-American's rate case expense totaled nearly 40 percent of the allowed revenue increase. Arguing that Iowa-American is relitigating in this proceeding issues lost in past decisions, Consumer Advocate also filed a motion to disallow some rate case expense.

Consumer Advocate's motion to disallow some of the rate case expense will be addressed in a separate section of this order after all regular rate case issues are decided. The Board here will only address the appropriate amortization period for current rate case expense and any unamortized balance.

The Board has expressed concern about the frequency of Iowa-American's rate cases and, like the Consumer Advocate, the Board is also concerned about the

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amount of rate case expense, particularly as a percentage of the overall revenue increase. While the Board does not want to encourage Iowa-American to file rate cases every two years, the Board acknowledges that a three-year amortization period for rate case expense, given Iowa-American's historic rate case pattern, shifts more of the rate case expense obligation to future customers. The Board will adopt in this proceeding a two-year amortization period for current and unamortized rate case expense, but this decision should not be taken as an indication that the Board is supportive of Iowa-American's current rate case cycle or that future rate case expense will be amortized over a similar period.

IV. COST OF CAPITAL ISSUES

A. Overall Cost of Capital

1. Return on Equity

In setting an allowed rate of return on equity investment, the Board is to balance investor and consumer interests. For example, if rates produce earnings that are below a fair and reasonable level, they are unjust or confiscatory to the owners of the utility property; if rates produce earnings that are above a fair and reasonable level, the rates are oppressive to the utility's ratepayers. Davenport Water Co., v. Iowa State Commerce Comm'n, 190 N.W.2d 583, 604-05 (Iowa 1971). In addition, the U.S. Supreme Court in Federal Power Commission v. Hope Natural Gas Company, 320 US 591 (1944) held that "the return to the equity owner [the utility] should be commensurate with returns on investments in other enterprises

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having corresponding risks. The return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise so as to maintain credit and attract capital”

In determining the allowed return, the various models generally produce a range for the Board to consider. There is no precise return on equity that is accurate or the only one that is appropriate, but a range of reasonable returns. Within that range, the Board determines the most appropriate return, balancing the interests of shareholders and ratepayers.

Iowa-American and Consumer Advocate each presented return on equity (ROE) testimony. Both of the ROE witnesses used the discounted cash flow (DCF) model. Iowa-American also used the risk premium method and capital asset pricing model (CAPM) to develop its recommendation; Consumer Advocate used the capital asset pricing model (CAPM) only as a check on its DCF result, but did not rely on CAPM in its analysis.

Iowa-American’s witness recommended a 10.8 percent ROE, which included a 40 basis point adjustment for the small size of the company and a 30 basis point adjustment for flotation costs. The two adjustments will be addressed later. Without these adjustments, Iowa-American’s ROE recommendation is 10.1 percent. (Tr. 200) Consumer Advocate recommended a 9.3 percent ROE with no adjustments.

In presenting the various ROE models, there were arguments presented not only with respect to the final recommendation but also with respect to some of the

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inputs and the validity of some of the models. One of the disagreements between Iowa-American and Consumer Advocate was with respect to the DCF models used. Consumer Advocate used the compounding form of the DCF model where the dividend yield does not reflect additional growth, while Iowa-American used the constant growth DCF model where the dividend yield is increased $(1 + g)$ (expected rate of growth in dividends per share)). Under the Board's preferred DCF method, the Federal Energy Regulatory Commission (FERC) model, the dividend yield is increased by $1 + .5g$, or half of what was used by Iowa-American. Iowa-American and Consumer Advocate agreed on the proxy group used in their respective DCF analyses, and the Board will consider the ROE results produced by the proxy group.

In the past, the Board has placed more reliance on the FERC DCF version because it represents a compromise between the continuous compounding and constant growth models, with some of the strengths and weaknesses of each approach. There is, however, no perfect DCF model, and the Board looks at the results of all the DCF models as one tool in determining Iowa-American's ROE.

Iowa-American also used the risk premium model. In its simplest form, the risk premium model takes a specific long-term debt interest rate and adds an associated risk premium to estimate the ROE.

Both parties used the CAPM, either as part of the analysis or as a check on the DCF results. Historically, the Board has not given much weight to any CAPM analysis, because there were concerns about its reliability. However, the Board has

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considered the results from the CAPM method as another tool in its ROE determination, al beit not the most important one, and will do so here, as well.

All the models used by the various parties produced results worth considering, although the Board has traditionally given more weight to some models than others. In this proceeding, none of the models appeared to produce results that were contrived or so unreasonable as to be not worthy of consideration.

The final ROE recommendations (without adjustments) are Iowa-American at 10.1 percent and Consumer Advocate at 9.3 percent. In this proceeding, the various DCF results range from about 8.5 to 10.53 percent (Tr. 881, 887), the various CAPM ranges are from about 8.2 to 10.1 percent (Tr. 107, 886), and the various risk premium ranges are from about 10.1 to 10.7 percent. (Tr. 108, 112)

The Board in recent years has used the risk premium method as a check on reasonableness when determining ROE. The risk premium model often used by the Board adds 250 to 450 basis points to either the most current A-rated utility bond yield, or the 12-month average of that yield. The most recent bond yield available (October 2013) is 4.7 percent, which produces a ROE range of 7.2 to 9.2 percent, below the ROE recommendation of either party. This reflects the fact that bond yields are historically low and therefore should not be relied upon as predictors of the future with as much confidence as in prior cases, when bond yields were significantly higher and there appeared to be a more normal relationship between bond yields and ROE.

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In reviewing current market data and the ranges produced by the various models, the Board concludes an ROE between 9.5 and 10.1 percent is reasonable, particularly given the relative closeness of the DCF and CAPM ranges. The Board will set the ROE at 9.9 percent, which appropriately balances the interests of the shareholders and ratepayers and is consistent with recent ROE decisions.

2. Size Adjustment

Iowa-American argued that because it is small in size compared to the size of other water companies used by its ROE witness in his proxy group, there should be a 40 basis point upward adjustment to the ROE to reflect this risk. (Tr. 122-124) In addition, Iowa-American said it was facing increasing amounts of business risks compared to its peer companies due to the approximately \$50 million of capital investment that Iowa-American plans in the next five years. (Tr. 125)

Consumer Advocate opposed Iowa-American's size adjustment, noting that Iowa-American is a subsidiary of a large national company. Consumer Advocate pointed out that throughout the record, there are references to the synergies that exist with American Water as the parent such as control of Iowa-American's board of directors, amounts spent for services from related companies, and American Water acquiring debt on behalf of Iowa-American. (Tr. 199-202)

The Board will reject Iowa-American's proposed size adjustment. As the Board has noted in the past, because the various ROE models consider so many factors, it is difficult to isolate any one item, such as size, and make that the basis for

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an additional adjustment to the allowed return on equity. Interstate Power and Light Company, “Final Decision and Order,” Docket Nos. RPU-02-3, RPU-02-8, ARU-02-1 (4/15/2003), p. 63.

Proxy groups generally contain both large and small companies and should capture any risk associated with size, if it is significant. There is no persuasive evidence to persuade the Board to isolate individual factors to adjust ROE because the models take into account such factors as business and financial risk. See, Interstate Power and Light Company, “Final Decision and Order,” Docket No. RPU-08-1 (2/13/2009), p. 62. Also, the proxy group used in this case was selected because the companies have risk criteria similar to Iowa-American’s, making separate adjustments for isolated factors unnecessary.

3. Flotation Costs

Iowa-American argued that a flotation cost adjustment was necessary because issuing common equity is not cost-free. Iowa-American said that direct costs associated with common equity include compensation for marketing and consulting services and that indirect costs associated with common equity deal with what is called market pressure where there is downward pressure on the stock price due to the new issuance increasing the supply of stock. (Tr. 113-114) Iowa-American noted that because flotation costs are not expensed when common stock is issued, they need to be recovered another way, such as through an upward

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adjustment to the ROE. Iowa-American asked for a 30-basis point adjustment. (Tr. 115)

Consumer Advocate opposed the adjustment, stating that Iowa-American does not have flotation costs because no common stock was issued in the test year and no issuance is planned in the near term, no Iowa-specific data were provided by Iowa-American (so any adjustment would be speculative), and no market pressure adjustment is needed because utility stocks trade far above book value in the market, meaning that market pressure is already accounted for. (Tr. 895) Consumer Advocate pointed out that Iowa-American's witness agreed that Iowa-American does not have flotation costs and that American Water's flotation costs were reflected in its market stock price. (Tr. 195-199)

The Board will deny the proposed flotation adjustment. No common equity has been issued recently and Iowa-American expects to issue none in the near future. See, Iowa Southern Utilities Company, "Final Decision and Order," Docket No. RPU-85-11 (02/25/1986), p. 58.

B. Capital Structure

The primary difference between Iowa-American's and Consumer Advocate's proposed capital structure is whether to include Iowa-American's November 2013 debt that was issued outside the test year and more than nine months after the conclusion of the 2012 test year. Iowa Code § 476.33(4). Iowa-American said the expected interest rate for the 30-year issuance is 4.95 percent and the estimate

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issuance expense is \$40,800. (Tr. 290, 302) Iowa-American argued that the issuance should be included in the capital structure because it was sufficiently known and measureable and reflects the actual capital invested in its assets to provide service to Iowa-American's customers.

Consumer Advocate excluded the November 2013 debt issuance because it was outside the test year and occurred more than nine months after the test year. Consumer Advocate said that such adjustments are not known and measureable.

The Board will exclude the November 2013 debt issuance from Iowa-American's capital structure and use the capital structure proposed by Consumer Advocate. The issuance occurred more than nine months after the conclusion of the test year and § 476.33(4) only requires the Board to consider verifiable data within this nine-month period. The Board has consistently denied such adjustments to capital structure outside that nine-month period, which in this case ended on September 30, 2013. (Tr. 867)

C. Double Leverage

In looking at a rate-regulated utility's capital structure, the Board traditionally considers the capital structure of the utility company, which includes debt, as the first layer of leverage. The Board also considers any debt at the parent holding company level that could be used for a capital infusion into the utility, which is the second layer of leverage. Without the double leverage adjustment, there is concern that a parent company could manipulate its debt and equity at the parent and subsidiary levels to

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earn an equity return on long-term debt that is actually invested in its utility subsidiary.

The Board has rejected utility efforts to avoid double leverage adjustments in several cases, including Docket Nos. RPU-02-3, RPU-02-8, and ARU-02-1 and Iowa-American's prior rate case, Docket No. RPU-2011-0001. However, the Board in those cases said it would not apply double leverage mechanically in each case, but rather would examine the particular facts and circumstances in each case where the adjustment is proposed.

The Iowa Supreme Court has affirmed the Board's use of double leverage on two occasions, in General Telephone Co. of the Midwest v. Iowa State Commerce Comm'n, 275 N.W.2d 364, 369 (Iowa 1979), and United Telephone Co. v Iowa State Commerce Comm'n 257 N.W.2d 466, 479-480, 482 (Iowa 1977). It is important to note that the Court did not mandate that double leverage be applied in all (or any) situations. Examples of application of the double leverage adjustment, and an exception to when the adjustment is made, are detailed in Iowa-American's last rate case decision. Iowa-American Water Company, "Final Order and Order Approving Settlement," Docket No. RPU-2011-0001 (2/23/2012), pp. 15-19.

Since 1977, double leverage has been applied to Iowa-American. Iowa-American in this case argues that it qualifies for an exception because there were no cash proceeds from debt issues available to invest in Iowa-American's common equity. Iowa-American's arguments regarding an exception to the application of

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double leverage in this case are substantially the same as those posed by Iowa-American in its last rate case, and for the same reasons the Board will not apply an exception to the application of double leverage in this case. Id., pp. 14-20.

Iowa-American also argued in this proceeding that double leverage should not be applied under any circumstances. Iowa-American said that there were various conceptual and practical limitations to double leverage.

First, Iowa-American said that double leverage violates the cost of capital concept and principles of finance, economics, and fairness. Iowa-American argued that how the capital is used is what determines the true cost of capital, not the source of the funding for the investment. (Tr. 71, 77)

Second, Iowa-American maintained that double leverage is illogical because the equity contributed by the parent has one cost rate while the equity contributed by individual investors has a different cost rate and double leverage implies that an investor would earn zero percent return if the investor inherited the stock or received it as a gift. (Tr. 175-176) Also, Iowa-American said that under double leverage, the subsidiary's cost of equity could be higher simply because it was sold to a different owner. (Tr. 176)

Third, Iowa-American argued that double leverage is discriminatory to a corporate investor because if a utility is a standalone company it would earn one equity return while a utility that is part of a holding company would likely earn a lower return even though they are identical in all other respects. (Tr. 177-178) Based on

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Consumer Advocate's position, Iowa-American said that the standalone utility's individual investor would earn a 9.3 percent return while the corporate investor would earn 8.885 percent. (Tr. 937-938; Munoz Reply Exh. MM-2, Sch. A, p. 1)

Iowa-American noted that it found double leverage was used only by one other state regulatory body, Tennessee. (Tr. 171) Iowa-American also said that FERC rejected the application of double leverage within the past year.

Iowa-American pointed out that an argument that has always been used to support double leverage is that capital is fungible as funds pass between the parent and subsidiary. However, Iowa-American argued that the fungibility argument fails with respect to the subsidiary's retained earnings because those are never passed through to the parent company; therefore, Iowa-American said it was not possible to mix its retained earnings with funds held by American Water, Iowa-American's parent. (Tr. 255-256)

Consumer Advocate urged the Board to apply the double leverage adjustment. Consumer Advocate said that determining the capital structure for an independent utility is straightforward; however, this task is more difficult when a utility is part of a holding company. Consumer Advocate argued that it is important to incorporate the parent/subsidiary relationship when determining the subsidiary's capital structure to prevent the earnings from being above a fair and reasonable level because the parent's investment is leveraged twice, once at the parent level and once at the subsidiary level. (Tr. 887)

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Consumer Advocate noted that a well-run company uses debt in combination with equity to produce the lowest overall cost of capital. The combination of the parent's capital is used to invest in the equity of a subsidiary, and Consumer Advocate maintained that the parent should not earn an equity return on capital funds that are cheaper because the parent then would earn a return above a fair and reasonable level. Consumer Advocate concluded that considering the parent's cost of capital reflects the true capital costs of a wholly-owned subsidiary of a holding company. (Tr. 887-888)

Historically, double leverage was used to prevent financing abuse by the parent corporation. Application of the double leverage adjustment discourages a parent from artificially inflating the common equity return by increasing the amount of debt at the parent level and decreasing the amount of debt at the subsidiary level. (Tr. 889)

One Board member believes that the evidence presented by Iowa-American in this docket was basically the same as the company presented in Docket No. RPU-2011-0001 and found that Iowa-American had not presented persuasive evidence for the Board to depart from its long-standing precedent applying double leverage. This Board member is not persuaded that an exception for retained earnings is warranted because those earnings could also be manipulated at the subsidiary level so that the utility could earn a higher return. For these reasons, and the reasons set forth in the

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final order in Docket No. RPU-2011-0001 cited previously, this Board member would apply the double leverage adjustment.

Another Board member finds the arguments against the application of double leverage persuasive and would no longer apply the adjustment to Iowa-American. Iowa is one of perhaps only two states that still apply the adjustment and application of the adjustment could place Iowa-American at a competitive disadvantage with respect to capital investment by its parent, American Water Works, when higher earnings may be earned by utility subsidiaries in states where there is no double leverage adjustment. This would also be true for other Iowa rate-regulated utilities with a parent company that has more than one subsidiary. In particular, this Board member believes the evidence and argument regarding retained earnings demonstrates the conceptual problems with the double leverage adjustment cited by Iowa-American.

This does not mean this Board member is not concerned with the abuses that double leverage was designed to prevent, such as artificially inflating the common equity return by increasing the amount of debt at the parent and by decreasing the amount of debt at the subsidiary. However, this Board member would have the Board deal with these issues as other jurisdictions have, by imposing a hypothetical capital structure on the utility, if necessary. Consumer Advocate acknowledged that other states use this instead of double leverage. (Tr. 959-960) Continuing to use a regulatory tool that has fallen out of fashion puts Iowa at a disadvantage because of

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the decreased return that results from application of double leverage; by using a different tool to prevent the same ills, parent companies with subsidiaries in more than one state may look more favorable than the Iowa utility as an appropriate place to invest additional capital.

Two Board members heard the evidence at hearing and are participating in this decision; the other Board member recused herself from this proceeding. Because the two Board members do not agree on the application of double leverage, Iowa-American has not met its burden of persuasion to change the Board's previously-established regulatory principle and double leverage will therefore be applied to Iowa-American, consistent with past Board precedent.

V. PROPOSED ADJUSTMENT CLAUSES

A. Qualified Infrastructure Plant Adjustment Surcharge

Iowa-American proposed a Qualified Infrastructure Plant Automatic Adjustment Clause (QIP), a cost recovery mechanism for use between rate cases that it said would provide Iowa-American an incentive to accelerate investment in its infrastructure replacement program. Iowa-American said its QIP proposal is designed to recover a return on and return of capital investments to replace or rehabilitate qualified non-revenue producing plant. Iowa-American stated that the QIP is necessary because of Iowa-American's aging infrastructure, a substantial portion of which is between 50 and 100 years old and a significant portion of which is nearing the end of its expected life. Iowa-American argued that an accelerated

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infrastructure improvement program will improve water quality, increase water pressure, have fewer main breaks and service interruptions, and lower levels of lost water. Currently, Iowa-American replaces about 0.3 percent of its buried system each year (a 300-year replacement cycle); Iowa-American contends a QIP would allow it at some point to increase the replacement rate to 1.0 percent (100-year replacement cycle) for distribution system pipe and 2.0 percent (50-year replacement cycle) for valves and hydrants.

The QIP proposed by Iowa-American would only apply to qualified non-revenue producing plant investment that had not been included in rate base in a prior rate proceeding. Iowa-American said that the QIP rate would be established semi-annually using actual historical plant replacement that has been placed in service and is used and useful. Iowa-American said it would file for recovery and the Board and Consumer Advocate would have 90 days to request additional information, review, and verify the information. Iowa-American noted that the proposed QIP also includes an annual reconciliation between authorized collections and actual collections; the reconciliation would be filed within 60 days of the end of the QIP rate adjustment year. Iowa-American said that any over or under collection would then be included in the calculation of the QIP rate adjustment. Iowa-American proposed to cap the recovery through the QIP at 15 percent of the total authorized revenue level as established by the Board in the most recent general rate proceeding.

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Consumer Advocate opposed the proposed QIP, noting that it is virtually identical to the QIP rejected by the Board in Iowa-American's last rate case. Consumer Advocate said that the QIP does not meet the traditional criteria used by the Board for approving automatic adjustment mechanisms, which are: (1) whether the costs proposed to be recovered are beyond the control of management; (2) whether the costs are subject to significant variations; and (3) whether the costs are a significant part of the utility's cost of providing service. Consumer Advocate pointed out that Iowa-American acknowledges that the QIP fails to satisfy any of the traditional factors.

Consumer Advocate also argued that Iowa-American does not need the clause to make necessary infrastructure investments, noting that fewer than half of American Water Works' water utility subsidiaries have such a clause and that Iowa-American witness Kaiser testified that approval of the QIP would not change how Iowa-American approached its infrastructure investment and that Iowa-American had not had any problems obtaining the necessary capital from its parent corporation, American Water Works. Consumer Advocate noted regulatory lag was not a factor because of Iowa's temporary rate statutes and the statute allowing consideration of investment that is in place within nine months after the end of the test year.

Consumer Advocate pointed out that Iowa-American has no actual, specific plan to increase infrastructure investment from the current 0.3 percent level. While Iowa-American indicated such a clause could extend the time between rate cases,

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Consumer Advocate said that there was no specific commitment and Iowa-American refused to give a date for its next rate filing, if QIP were approved. Consumer Advocate noted that Iowa-American did not want to share any of the benefits of QIP with its ratepayers, either in the form of a lower rate of return for QIP-eligible costs to reflect reduced risk or a commitment to file rate cases less frequently.

Use of adjustment mechanisms to address certain costs is authorized by Iowa Code § 476.8 and the Board has approved such mechanisms when they meet certain criteria. Traditionally, an adjustment mechanism permits utility rates to be adjusted up or down automatically in relation to fluctuations in certain defined operating expenses, allowing increases or decreases in costs to be passed on to customers with no profit or loss to the utility. Adjustment clauses are common for electric utilities for fuel costs and gas utilities for gas costs; clauses have also been approved by various states for other expenses.

The Board has recognized, however, the occasional need for adjustment mechanisms that do not necessarily meet the traditional standards. The Board adopted for natural gas utilities an automatic adjustment mechanism that allowed for a recovery of and return on investments that were required because of government action or federal and state pipeline safety regulations. Rule 199 IAC 19.18 provides for such a clause, provided that certain conditions are met.

Iowa-American is proposing that the Board approve an automatic adjustment mechanism that allows the company to recover from ratepayers a return on and a

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return of certain capital investments between general rate case filings. The eligible capital investment would be for replacement of utility plant in the following accounts: (1) Account 331 (343), Transmission and Distribution Mains, including main rehabilitation and valves; (2) Account 333 (345), Services; (3) Account 334 (346 & 347), Meters and Meter Installations; and (4) Account 335 (348), Hydrants. The eligible plant would be non-revenue producing plant that was not included in Iowa-American's rate base in this rate case. Iowa-American said that the QIP proposed in this case is essentially the same as the QIP proposed in Iowa-American's prior general rate case, with one exception. The cap for the QIP has been raised in this proposal from 5 percent to 15 percent. (Tr. 611)

In Docket No. RPU-2011-0001, the Board found that the proposed QIP did not satisfy the three traditional factors that the Board normally considers when deciding whether to approve a proposed automatic adjustment mechanism. Iowa-American Water Company, "Final Order and Order Approving Settlement (Final Order)", Docket No. RPU-2011-0001 (2/23/2012), p. 11. The three primary traditional factors considered by the Board when considering whether to approve an automatic adjustment mechanism are: (1) whether the costs are beyond the direct control of the management; (2) whether the costs are subject to significant variations; and (3) whether the proposed costs are a significant part of the costs of providing service. (see 199 IAC 19.18(1)"a" and 20.9(1)). As in the prior case, Iowa-American has not argued that the capital investments are beyond the control of management.

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The proposed QIP does not meet the traditional adjustment clause three-part test. The investment projected by Iowa-American shows that Iowa-American management has control over the rate of replacement and that Iowa-American can, if management chooses, increase the replacement rate without a QIP. Iowa-American management has budgeted a fairly even investment in QIP-type plant over the period 2008-2012 and is projecting fairly even investment in QIP-type plant over the period from 2013-2017. Based upon the projections, there does not appear to be significant fluctuations in those investments. In addition, Iowa-American's overall rate base is approximately \$101 million and Iowa-American's investment in QIP-eligible plant in 2013 as shown on Exhibit 9 is approximately \$5,127,000. QIP-type plant, if all plant is included, is approximately 6 percent of the total rate base and this is not a significant part of the cost of providing service.

As evidenced by the natural gas rule, there can be circumstances where adjustment clauses can be justified that do not meet the traditional regulatory scheme for adjustment clauses. However, the justifications put forth by Iowa-American do not justify establishment of the proposed QIP in this case.

Regulatory lag is not a sufficient justification for the proposed QIP. In Docket No. RPU-2011-0001, the Board stated that regulatory lag was not a sufficient justification for implementing the QIP proposed in that case. (Final Order, p. 11) The Board pointed out under current law Iowa-American can recover capital infrastructure investment placed in service within nine months after the close of the

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test year in a general rate case and can implement temporary rates within ten days of filing an application for a general rate increase. These two provisions limit regulatory lag and, coupled with Iowa-American's continued filing of general rate increase cases every two years maximum, regulatory lag is reduced to 12-18 months. Id. This short period of regulatory lag does not justify a QIP, and Iowa-American made no firm commitments in this proceeding to increase the time between its general rate cases.

As noted by Consumer Advocate, any mechanism designed to reduce regulatory lag should provide some benefit to ratepayers. In this case, Iowa-American presented a proposal that would not benefit ratepayers. Under the QIP proposal, customers could be charged up to an additional 15 percent of the customer's normal bill every six months. Iowa-American has not offered to extend the time between rate cases or reduce the carrying charge for QIP investment, either of which would provide a benefit to ratepayers and partially offset the significant rate increases that could result from the QIP.

The Board offered similar criticisms in Docket No. RPU-2011-0001, yet Iowa-American presented an almost identical proposal in this case that did not respond to the Board's criticisms that Iowa-American's plans are indefinite and there are no tangible benefits to ratepayers. There is still no concrete, plan to replace aging infrastructure and no tangible benefits to ratepayers from the proposed clause. Iowa-American appeared to simply ignore the Board's order in Docket No. RPU-

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2011-0001 in fashioning its current proposal. As acknowledged by Iowa-American, nothing really changed with the current proposal, other than to increase the QIP cap from 5 to 15 percent of the total authorized revenue.

While Iowa-American's planned expenditures for 2013 through 2017 are an increase over the expenditures for the previous five years, the evidence in this case is similar to the evidence in Docket No. RPU-2011-0001 in that Iowa-American's replacement program consists of replacing plant where leaks and breaks occur and when facilities are required to be relocated due to state or local government action. Since leaks and breaks are projected to increase, Iowa-American responded by increasing the amount budgeted for replacement. Iowa-American states that it wants to increase its replacement rates to 1 and 2 percent (as it said in the last rate case, also), but presented no specific plan to do so. A statement by Iowa-American that replacing small mains in Clinton is a priority without additional information about a program to replace the mains is insufficient to justify QIP rate increases between rate cases.

It appears from responses to Board questions that Iowa-American made a management decision to maintain the current replacement rate of 0.3 percent in the past and has made a management decision to increase investment for QIP-type plant for the next five years, but the evidence shows that this amount will be spent whether or not QIP is approved. There is no proactive, specific, concrete plan to increase the level of replacement to the levels that Iowa-American claimed were

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necessary. General assertions about the need for replacement have now been made in two cases, with no apparent plan to tackle the problem. Iowa-American did not address the concerns raised by the Board in the last rate proceeding.

The testimony at the hearing demonstrates that Iowa-American has chosen to maintain the current 0.3 percent replacement rate over the past years even as Iowa-American has argued in rate cases that the rate is not sufficient to replace aging water mains. According to Mr. Verdouw, Iowa-American will receive enough investment from its parent company for projects that "absolutely" have to be done, but if Iowa-American is going to move its replacement program from 0.3 percent to 1 percent Iowa-American will have to spend more. (Tr. 740) Mr. Verdouw testified if the Board approved the Iowa-American proposals for a QIP, declining usage, weather normalization, and the adjustment clause for purchase power and chemical costs, Iowa-American might be willing to commit to extending the period between rate cases, but no firm commitment was given and it appeared the extension would be at most for only 6 to 9 months.

Mr. Kaiser testified that Iowa-American has no plans to replace water mains beyond normal leak and break and relocation replacements and approval of the QIP would not change the replacement program. (Tr. 412, 413) According to Mr. Kaiser, a QIP would make more funds available but would not change replacement plans. (Tr. 414) Capital investment for main replacement must be put into the investment budget that is approved by the parent corporation and priorities on replacing pipe

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would not change if a QIP is approved. (Tr. 416) Mr. Kaiser testified that approval of a QIP-like mechanism in other states had extended the time between rate cases from two to two and one half years on average.

In this case, Iowa-American has provided similar justification for an automatic adjustment mechanism as it did in its last rate proceeding. There are Iowa-American facilities that are required to be relocated because of state and local government action; however, Iowa-American has not proposed to limit the QIP to just those investments. While increasing the rate of replacement of aging infrastructure might justify an adjustment clause, no specific plan to do this was presented and no ratepayer benefits from the proposed clause were presented. The QIP as proposed by Iowa-American would recover investment for facilities that will be replaced under current replacement programs and has been accounted for in future budgets, with no apparent acceleration to tackle the aging infrastructure problem and to increase replacement levels to 1 percent for distribution system pipe and 2 percent for valves and hydrants.

It is particularly important that Iowa-American has not shown that ratepayers will benefit from the surcharge. If approved, the QIP would mean rate increases for Iowa-American customers between general rate cases (which are currently filed every two years), resulting in a continuous increase in customer rates with no offsetting benefit. Iowa-American has also proposed to recover the rate of return approved by the Board in this case on the QIP investment even though QIP recovery

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reduces the risk to Iow-American for recovery of these investments. In the natural gas utility infrastructure automatic adjustment rule, the Board set the return on eligible investment at the utility's cost of debt to recognize this reduced risk. Iow-American does not agree with a reduced return for determining QIP recovery.

Without a commitment to extend the time between rate cases and some recognition that a QIP reduces the recovery risk of QIP eligible investments (and without a proactive QIP plan), there appears to be little or no benefit to ratepayers of the QIP. Under the QIP, customers would face rate increases of up to 15 percent every six months and then general rate increases every two years, at least under Iow-American's current rate case timing. However, each case costs about \$1 million in rate case expenses; these costs are generally recovered from ratepayers. If the QIP is adopted, ratepayers would not only be subject to the approximately \$1 million rate case expense every two years, but would have to pay the additional QIP surcharges between rate cases.

Finally, the Board has concerns about the mechanics of the QIP proposal. The QIP proposal submitted by Iow-American is too broad and should cover distribution infrastructure only, not those items for which Iow-American has a current replacement plan. In addition, potential increases every 6 months, and the process to implement those increases, appears unworkable and untenable for ratepayers, the Board, and Consumer Advocate. For all of these reasons, Iow-American's QIP proposal will be rejected.

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B. Purchased Power and Chemical Charge

Iowa-American proposed an automatic adjustment mechanism for the pass-through of incremental changes in purchased power and purchased chemical costs that differ from the level of costs authorized by the Board in base rates. Iowa-American said that its chemical costs are beyond the utility's control and subject to market forces. Iowa-American noted that its purchased power costs are subject to automatic adjustment mechanisms, such as an energy adjustment clause, that are utilized by Iowa-American's electric service providers.

Consumer Advocate opposed the clause, noting that the proposed mechanism would severely reduce or eliminate Iowa-American's economic incentive to control relevant expenditures. Consumer Advocate argued that the proposed clause did not meet the three traditional criteria for an adjustment mechanism, primarily because the costs are not significant or volatile enough. Consumer Advocate also argued an adjustment mechanism was inappropriate since the proposed clause seeks to recover two unrelated costs.

While these costs together may be Iowa-American's largest non-labor operations and maintenance expense, together they represent only 7.9 percent of Iowa-American's total expense and only 20 percent of Iowa-American's total operation and maintenance expenses, excluding labor and benefits. More importantly, the adjustment mechanism proposed by Iowa-American seeks to

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combine two unrelated costs in an attempt to meet the traditional adjustment clause criteria.

Examined separately, neither purchased power nor chemical costs is a significant portion of Iowa-American's overall cost of providing service to customers. These costs are part of the normal operating expenses of doing business as a water utility and are not the type of costs traditionally eligible for an automatic adjustment mechanism.

A pass-through mechanism for these costs would reduce Iowa-American's incentive to take steps to use electricity more efficiently. It would also reduce Iowa-American's incentive to monitor the contracting practices of its affiliate that negotiates chemical purchases. Chemical costs in particular are not entirely beyond the direct control of management. These types of operating costs are appropriate to examine in a general rate proceeding where all of the utility's expenses and revenues can be matched in determining just and reasonable rates.

Attempting to combine two disparate costs in an adjustment clause is not reasonable and the Board will not approve the proposed adjustment. Examined separately, Iowa-American has not shown that the three traditional criteria have been satisfied. These costs, particularly chemical costs, are normal operations and maintenance expenses that are appropriate to consider in rate proceedings and are not so extraordinary or significant as to warrant an adjustment mechanism.

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VI. COST-OF-SERVICE ISSUES

A. Introduction

Prior to 2009, Iowa-American had two separate rate structures for General Metered Service and Private Fire Service, one for the Quad Cities district and one for the Clinton District. General Metered Service rates (customer charges and volumetric consumption charges) were equalized between the two districts with the Board's final decision in Docket No. RPU-2009-0004. Private Fire rates were equalized with the final decision in Docket No. RPU-2011-0001 so that now both districts pay the same rates for all services.

In Docket No. RPU-2011-0001, the Board ordered Iowa-American to file a new class cost-of-service study in its next rate proceeding. Iowa-American provided such a study in this docket, which uses the Base-Extra Capacity method described in the 2012, 6th edition, Principles of Water Rates, Fees and Charges (as well as prior manuals) published by the American Water Works Association. Iowa-American said that the four basic cost functions allocated to each customer class are base costs (average daily class usage), extra capacity costs (class usage in excess of average usage), customer costs (facilities costs and accounting costs), and fire protection costs.

Consumer Advocate did not perform a separate cost-of-service study but disagreed with two aspects of the study, the peak day ratio and allocation of customer costs. Each will be discussed separately.

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B. Peak Day Ratio

Iowa-American proposed a peak day ratio of 1.65, which is rounded up from the actual number Iowa-American determined, 1.632. Consumer Advocate used a peak day ratio of 1.45.

Iowa-American said its peak day ratio means that peak day usage on its system is 65 percent higher than average day usage and is calculated based on actual data in its cost-of-service study. Consumer Advocate's proposed peak day ratio of 1.45 (peak day usage is 45 percent higher than average day usage) is based on a 15-year average of annual peak day ratios from 1998 through 2012.

Iowa-American argued that Consumer Advocate's peak day ratio underestimates the costs associated with the extra capacity on its system and therefore does not properly allocate costs associated with peak demand. In examining peak day ratios from 1998 through 2012, the Board agrees. The ratios for 2011 and 2012 were both 1.63 and were higher than past ratios, indicating that use of such a long-term average is not representative of Iowa-American's current level of excess capacity. (Herbert Exh. 1, Sch. 4)

However, the Board does not believe it is appropriate to round up the actual peak day ratio calculated by Iowa-American, 1.632, to 1.65. The Board will adopt 1.63 as the peak day ratio.

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C. Customer Costs

Customer costs are those costs associated with serving customers regardless of their usage or demand characteristics. There are direct customer costs related to customer facilities (meters and service lines) and customer accounting (billing and meter reading). There are also indirect or common costs; Iowa-American allocates some of these costs to the customer charge while Consumer Advocate does not.

Iowa-American said that the AWWA Water Rates Manual supports the use of fully allocated customer costs, including indirect or common costs, to develop customer charges. Iowa-American argued that administrative and general costs are fixed and support the entire operation of the company, not just the water-related costs. Iowa-American maintained that if none of the administrative and general costs are allocated to customer related functions, then 100 percent of these costs would be allocated to consumption charges, resulting in understated customer charges and overstated consumption charges. Because these common costs are fixed, Iowa-American said that a portion should be allocated to the fixed customer charge.

Consumer Advocate said that Iowa-American's current customer charge is too high and any rate increase should only be applied to the volumetric or consumption charges. Consumer Advocate excluded from the customer charge several costs, including employee pensions, health care, payroll taxes and other benefits that it argued were not costs associated with the delivery of water service to the individual customer. (Tr. 792-796)

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Iowa-American's cost allocation method is consistent with the AWWA Water Rates Manual. Consumer Advocate did not identify any recognized authority which would exclude all customer costs from the customer cost allocation. Because the common costs do not change and some of those costs are related directly to the salaries and wages of meter and service line repairmen and others that perform functions directly related to providing service to the customer, it is appropriate to allocate some common costs to the customer charge and Iowa-American's allocation will be used in this proceeding.

VII. RATE DESIGN ISSUES

A. Billing Units—Declining Usage and Weather Normalization

Iowa-American proposed three adjustments to test year billing units and revenues by customer class. One was a proposed customer growth adjustment, which increased billing units and revenues. This adjustment was accepted by Consumer Advocate and is not contested.

The other two proposed adjustments are contested. The adjustments are for declining usage and weather normalization; both proposed adjustments reduce billing units and projected revenue, requiring an offsetting increase to the revenue requirements.

Iowa-American said that because Iowa-American's customers continue to use less water due to conservation and installation of efficient appliances, there should be an adjustment for declining usage. Iowa-American calculated base usage by

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using consumption during the winter months of January through March over a ten-year period (2003 through 2012); usage during these months is generally not influenced by outdoor use such as lawn watering. Iowa-American's linear regression analysis showed that residential usage is declining at an annual rate of 1,224 gallons per customer.

Consumer Advocate opposed the adjustment, noting that declining usage and declining sales are not the same. Consumer Advocate pointed out that Iowa-American's sales have increased in the years 2010, 2011, and 2012, so it would be inappropriate to project reduced revenue when revenue is increasing. Also, Consumer Advocate said that the number of customers has steadily increased since 2003, resulting in increased water sales.

Iowa-American also proposed a weather normalization adjustment because the test year was one of the warmest on record, resulting in an increase in non-base usage such as lawn watering. Iowa-American said its adjustment normalizes test year revenues to reflect normal weather.

Consumer Advocate said that Iowa-American's test year sales and revenues were reasonable and representative of normal operation conditions such that no adjustment was necessary. Consumer Advocate said the methodology to support Iowa-American's adjustment is based on usage from three winter months and assumes weather in the summer months is the only variation, ignoring the other six

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months of the year. Consumer Advocate said a similar adjustment proposed by another American Water Works subsidiary in Kentucky was rejected.

In recent years (beginning in 2006), Iowa-American has filed a rate proceeding every two years. Iowa-American's annual report filings with the Board show the following data for the residential class: ²

**Gallons Per Residential Customer
2006 through 2012 and Compared to 7-Year Average**

	Gallons Sold (000)	Number of Customers	Gallons (000) Per Customer	Compared to 7-Yr Avg.
2006	3,442,444	53,406	64.46	15.92%
2007	3,102,494	53,842	57.62	3.63%
2008	2,944,154	54,196	54.32	(2.30%)
2009	2,847,755	54,410	52.34	(5.87%)
2010	2,849,789	54,599	52.19	(6.13%)
2011	2,908,482	54,847	53.03	(4.63%)
2012	3,061,810	55,395	55.27	(0.60%)
			7-Year Average	55.61

The last column of the table compares annual gallons per customer to the seven-year average of 55.61. Although 2012 residential gallons per customer are slightly lower than the average, it is the smallest deviation in the seven-year period. Iowa-American's sales, as pointed out by Consumer Advocate, have generally increased in recent years and, in fact, both sales and per customer usage increased in 2010, 2011, and 2012. There is no substantial evidence in the record supporting

² Rate case billing units are in hundred cubic feet (CCF) and annual report usage is based on gallons. Beginning in 2013, the annual report form for water utilities requires usage to be provided in both CCF and gallons.

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either proposed adjustment and both the declining usage and weather normalization adjustments will be rejected.

B. Proposed Rates and Public Fire

Iowa-American urged that any increase in rates resulting from this case should be based on Iowa-American's rate design recommendations, that customer charges should be increased to recover their associated costs, and commodity rates should be increased for each rate block in order to generate revenues from those rates that match their indicated costs. Iowa-American said its proposed customer charge would recover both the direct costs associated with providing service to customers, plus a portion of the indirect or common costs associated with providing service to customers.

Consumer Advocate argued that Iowa-American's customer costs were currently too high and not supported by the class cost-of-service study. Consumer Advocate said that there should be no change to Iowa-American's customer costs and that Iowa-American should not be allowed to move towards a straight fixed-variable rate design.

As noted in the earlier discussion regarding customer costs under the class cost-of-service study, Iowa-American's class cost-of-service study was performed in a manner consistent with the AWWA Rate Manual, the only reference material provided in this proceeding to support a study. Consistent with the manual, some

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indirect or common costs are appropriately included in the customer charge, and the Board will generally adopt Iowa-American's approach, with some exceptions.

Herbert Exhibits 2 and 7 show how costs are used to calculate the customer charge for the 5/8 inch meter. These exhibits show that all costs associated with public fire protection, such as fire hydrants, are currently recovered by Iowa-American solely through the customer charge.

Recovery of public fire costs in Iowa-American's service territory has changed since 1990. Prior to 1990, Iowa-American recovered public fire costs directly from the cities it served. In 1989, the legislature adopted Iowa Code § 476.6(15) which allowed cities that were furnished water by a public utility subject to rate regulation (like Iowa-American) to request that the Board allow recovery of public fire costs through the rates assessed to customers covered by the applicant's fire protection service. The cities served by Iowa-American filed these requests, and since 1990 public fire service costs have been recovered through Iowa-American's General Metered Service rates. In Docket No. RPU-90-10, the Board addressed the recovery of public fire costs. The final order in that docket states Iowa-American proposed recovering public fire costs through a uniform adjustment to all volumetric block rates, which the Board accepted. Subsequent Iowa-American rate cases, until this proceeding, resulted in a settlement of the issue.

It is appropriate for the Board to determine in this proceeding how public fire costs are to be recovered. Any public fire costs not recovered through the monthly

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customer charge would be recovered through the volumetric charge. The manner of recovery is revenue-neutral for Iowa-American. Options include recovery of all public fire costs through the customer charge (as proposed by Iowa-American), recovery of all public fire costs through volumetric rates, maintaining the existing customer charge and recovering the remaining public fire costs through volumetric rates (as implicitly proposed by Consumer Advocate), or allocation of public fire costs on another basis, such as 50 percent recovery through the customer charge and 50 percent through the volumetric charge.

Iowa-American's class cost-of-service study presents no clear rationale for allocating all public fire costs to the customer charge. Apparently, Iowa-American preferred volumetric recovery in 1990, but prefers to recover public fire costs in the customer charge today, without any explanation for the change of approach. Because of the lack of rationale in the cost-of-service study and the different methods of recovery used in the past, it appears any of the options described above would be reasonable. The Board will allocate 50 percent of the public fire charges to the customer charge and 50 percent to the volumetric charge in order to obtain some of the benefits of each approach. However, taking into consideration other revenue and allocation decisions contained in this order, Iowa-American will be required to set the customer charge for the 5/8 inch meter at a rate that is no higher than the rate calculated based on the allocated costs determined by the class cost-of-service study; the \$16.37 charge calculated by Iowa-American was based on acceptance of

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its proposals and will change with the revised class cost-of-service study the Board will require. However, Iowa-American will not be permitted to round this charge up, like it rounded the \$16.37 up to \$16.40 in its proposal. The customer charge can be no higher than what the revised class cost-of-service study shows.

VIII. PRIVATE FIRE

Iowa-American provides three separate and distinct services to its customers. Iowa-American's primary business is supplying general metered service, or potable water, to its customers. The costs of providing general service are recovered from all customers. Iowa-American also provides public fire service, which consists of the delivery of water to public fire hydrants for the purpose of fighting fires. The costs of that service are spread among all of Iowa-American's customers because all customers benefit. Going forward, half of the cost of public fire service will be paid by ratepayers through their customer charge and half of the cost through the volumetric charge, but all customers will still contribute to the cost of public fire service.

The third type of service, private fire service, is provided to customers with fire protection facilities specifically dedicated to their property (i.e., sprinkler systems) to protect the property from fires. Iowa-American's costs associated with private fire service are largely capacity costs, which means there is additional standby system capacity to deliver water in sufficient quantities during fire emergencies, while

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maintaining general metered service for all other customers. Currently, private fire service is paid for by the customer requesting the service.

In Iowa-American's last rate proceeding, Docket No. RPU-2011-0001, there was substantial public interest in the level of Iowa-American's private fire service rates so the Board directed Iowa-American to include in its next rate filing a new class cost-of-service study that includes private fire service and also information on how other water companies recover the costs of private fire service. In this proceeding, Iowa-American recommended that private fire rates be increased to recover the costs of the service as shown by the class cost-of-service study and that those costs be paid by those requesting the service.

Some Iowa cities with populations over 25,000 have separate private fire service rates while others recover the costs from all water customers. With most costs incurred by a utility, the Board believes the cost causers should be the cost payers. This is a difficult principle to apply with private fire costs because those that install a sprinkler system not only benefit directly but there is also a broader public benefit because sprinkler systems help contain fires and often prevent them from spreading to other properties. Iowa-American's witness also noted that private fire service likely reduces the demand for public fire protection in those buildings protected by private fire service and also reduces the demand for public fire service in the immediate vicinity of protected buildings, another public benefit. (Tr. 340) Finally, even if private fire costs were spread to all customers, those private fire

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customers make a significant investment to obtain the service by paying for the sprinkler system and distribution main tap.

Because of the public benefits that result from private fire service, it is appropriate to spread some of the associated costs to all of Iowa-American's customers. In this proceeding, the Board will allocate 75 percent of the costs of private fire service to those that would traditionally be deemed the cost causers (private fire customers) and 25 percent to all of Iowa-American's customers, who share in the public benefit. The 25 percent allocated to all customers will be divided evenly (50/50) between the customer charge and volumetric charge. This allocation could change in the next rate proceeding as the Board continues examining and considering the policy issues surrounding private fire service and who should pay for the benefits that such service provides.

IX. COMPLIANCE FILING

Because the Board has made changes to the revenue requirement and rate design initially proposed by Iowa-American, Iowa-American will be directed to file an updated class cost-of-service study (including the functionalized costs by cost category) that reflects the Board's decisions on the issues in this proceeding and corresponds with Iowa-American's approved revenue requirement. Iowa-American will also be required to file schedules showing how its proposed compliance rates are calculated and an updated bill analysis (proof of revenue) demonstrating that its

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proposed compliance rates will produce no more than the approved revenue requirement.

All documentation supporting Iowa-American's post-decision filing is to be provided in Excel format, including formulas for each calculation. In addition, for future rate cases in which Iowa-American files a class cost-of-service study, Iowa-American will be required to file schedules showing the functionalized costs by cost category and schedules showing how all rates are calculated. These schedules are to be provided in Excel format, including formulas for each calculation.

X. OBJECTION TO RATE CASE EXPENSE

On December 27, 2013, Iowa-American filed a report of actual rate case expense in Docket No RPU-2013-0002. On January 2, 2014, Consumer Advocate filed an objection to the rate case expense report. In the objection, Consumer Advocate said that the rate case report filed December 27, 2013, by Iowa-American does not provide the detail required by Board rules.

On January 10, 2014, Iowa-American filed an amended rate case expense report that included additional details of the expenses incurred by Iowa-American in this rate case proceeding. The summary shows actual rate case expenses for outside counsel, outside expert witnesses, and utility personnel. Under utility personnel, the amended report shows "Service Company" with total hours of 1,314 and a rate-per-hour of \$85. The total expense shown is \$111,662.30. (The

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amended report refers to "Filing Requirements Rule 7.3," but the rate case expense filing requirements are now found in 199 IAC 26.4.)

On January 16, 2014, Consumer Advocate filed a "Motion for Reduction of Recoverable Rate Case Expense" requesting the Board (a) reduce Iowa-American's rate case recovery in two categories and (b) order Iowa-American to file details of rate case expenses related to service performed by American Water Works or Iowa-American affiliates sufficient to allow the Board and Consumer Advocate to assess the propriety of those expenses. Consumer Advocate said that it would be unjust and unreasonable to allow Iowa-American to charge ratepayers for the costs of re-litigating the double leverage issue and requests the Board disallow those costs as part of rate case expense. Consumer Advocate also objected to Iowa-American's Amended Rate Case Report, arguing the report fails to include information necessary for the Board and Consumer Advocate to assess the reasonableness of the fees paid to an expert witness hired by Iowa-American, Roger A. Morin.

On January 24, 2014, Iowa-American filed a resistance to the Consumer Advocate's motion. On January 29, 2014, Consumer Advocate filed a reply to Iowa-American's resistance.

A. Consumer Advocate's Motion

Consumer Advocate stated that Iowa Code § 476.6(5) provides that as part of the findings of the Board regarding a requested increase in rates, the Board "shall allow recovery of costs of the litigation expenses over a reasonable period of time to

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the extent the board deems the expenses reasonable and just." Consumer Advocate noted that this section also requires that at the conclusion of the proceeding the utility "shall submit to the board a listing of the utility's actual litigation expenses in the proceeding."

Consumer Advocate pointed out that the Board, in an order issued July 19, 2013, in this docket, expressed concern about the level of Iowa-American's rate case expense. Consumer Advocate also pointed out that the Board, in the July 19, 2013, order, stated "[r]elitigating issues every two years when the facts being litigated have not changed significantly and the testimony is substantially the same may at some point be unreasonable, at least with respect to recovery from ratepayers of litigation expense associated with repetitive issues." In re: Iowa-American Water Company, "Order Denying Motion for Issue Preclusion," Docket No. RPU-2013-0002, (5/19/13), pp. 5-6.

Consumer Advocate argued that Iowa-American has chosen to relitigate the double leverage issue even though the issue was fully litigated less than two years ago in Docket No. RPU-2011-0001. Consumer Advocate maintained that the evidence and arguments presented by Iowa-American in this case are virtually identical to the evidence and arguments addressed by the Board in the previous docket. Consumer Advocate then listed the similarities between the evidence and arguments in the two dockets and pointed out that the Board has expressed

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concerns about the relitigation of issues where the evidence is without significant difference from a recent case.

Consumer Advocate also argued that Iowa-American failed to provide the hours worked and the hourly rate for outside expert witness Dr. Morin, who testified on cost of capital issues, including double leverage. Consumer Advocate maintained that Board rules require this information so the Board can assess the reasonableness of the fees paid to Dr. Morin.

Consumer Advocate noted that some of the rate case expenses objected to in its motion filed on January 16, 2014, are expenses associated with American Water Works Service Company (Service Company) and employees of American Water Works. Consumer Advocate said that Iowa-American failed to disclose the hours worked by each employee of the Service Company and American Water Works and this failure prevents the Board and Consumer Advocate from determining the reasonableness of those expenses and whether the services in the rate case were already paid for under Iowa-American's service agreement with the Service Company.

Consumer Advocate argued that Iowa-American has not complied with the filing requirements of 199 IAC 26.4 because it has not provided the hours worked by each Service Company employee and each employee's hourly rate. Instead, Consumer Advocate noted that Iowa-American has filed total hours worked and total

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cost. Consumer Advocate argued that the language in the rule is clear that Iowa-American is to file the hours and hourly rate of each outside consultant or witness.

B. Iowa-American Resistance

Iowa-American said that the fact that rate case expenses must be filed for Board approval and the estimated expenses are often subject to cross-examination at the hearing provides the utility with the incentive to ensure that these costs are reasonable. Iowa-American stated that the Board has approved rate case expenses in earlier dockets and that the rate case expenses sought to be recovered in this docket should be reviewed based upon the facts, circumstances, and conduct of the parties in this docket.

Iowa-American argued that double leverage is a viable and reasonable issue for the Board to consider in this rate case. Iowa-American pointed out that although the double leverage issue was argued in Docket No. RPU-2011-0001, the issue had not been fully litigated for more than 20 years in an Iowa-American rate case. In addition, Iowa-American noted that the Board signaled a continuing interest in the issue by conducting an information gathering meeting addressing double leverage on November 27, 2013. Finally, Iowa-American argued that the evidence in this case is not the same evidence presented in Docket No. RPU-2011-0001 since the evidence in this docket specifically addresses previous Board questions and more fully develops the impact of double leverage on Iowa-American.

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Iowa-American maintained that there is sufficient information in this case to assess the reasonableness of the fees paid Iowa-American witness Dr. Morin. The fee arrangement with Dr. Morin is clearly set out in the engagement letter, Attachment A to Iowa-American's resistance, and received into the record at hearing as Consumer Advocate Exhibit 103. Iowa-American explained that the letter of engagement sets out the flat-fee arrangement with Dr. Morin, which is a common practice for utility consultants.

Iowa-American pointed out that Dr. Morin presented testimony and underwent significant cross-examination on two major issues in this case, double leverage and rate of return. The length of Dr. Morin's prefiled testimony, the necessity of Dr. Morin reviewing the testimony of the Consumer Advocate's witness, Dr. Morin's response to discovery, and Dr. Morin's preparation and appearance at the hearing show that the flat-fee arrangement was reasonable. Iowa-American argued that reference to hours worked and hourly rate are not the only way to consider the reasonableness of rate case expense items such as outside consultant fees.

With respect to work performed by Service Company employees, Iowa-American said that the practice of engaging Service Company personnel for the Iowa rate case provides Iowa-American with access to individuals with significant industry expertise at a cost that is much less than if Iowa-American were to engage them individually. Iowa-American stated that the detail presented in the initial rate case report is consistent with the detail provided by Iowa-American in the previous rate

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case, Docket No. RPU-2011-0001, and that the rate case expense was approved as filed in that docket. Iowa-American stated that there is significant information in the record that explains the value of the services provided by the Service Company, including the services for this rate case. Iowa-American cited to transcript pages 54-56 and 765-766, and Verdouw prefiled direct testimony on pages 4-13. Iowa-American filed Attachment B to the resistance with specific hourly information for Service Company personnel associated with the rate case.

Attachment B submitted by Iowa-American shows the travel, hotel, and meals for each individual associated with this rate case, including outside counsel, outside witnesses, and internal employees: Rogers, Moore, Verdouw, Riechart, Tinsley, Thakadiyil, Kaiser, Jones, Rungren, and Bates. Iowa-American also provided in Attachment B the hours worked and hourly rate for 19 other Service Company employees associated with this rate case; for the 10 other Service Company employees identified above, the hours worked and hourly rates are shown only for Mr. Riechart and Mr. Thakadiyil.

C. Consumer Advocate Reply

Consumer Advocate argued that Iowa-American has not identified any evidence in this case that is significantly different than the evidence presented in Docket No. RPU-2011-0001 on the issue of double leverage. In addition, Consumer Advocate argued that a change in the members of the Board cannot justify the costs of re-litigating the double leverage issue because this would encourage relitigation of

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issues in the future, despite the existence of years of agency precedent. Consumer Advocate maintained that shareholders should be required to pay for relitigation of issues previously decided by the Board when there is no significant change in the evidence presented.

Consumer Advocate argued that Iowa-American is required by 199 IAC 26.4 to demonstrate that expenses incurred are just and reasonable and Iowa-American has not fulfilled this obligation with regard to Dr. Morin's expenses. Consumer Advocate pointed out that the engagement letter provides certainty with respect to the fees paid Dr. Morin; however, the requirement is that the fees be just and reasonable and not just certain. Without the number of hours worked and the hourly rate charged by each outside witness, Consumer Advocate said that the Board is unable to determine the reasonableness of these expenses.

Consumer Advocate also asserted that the rate case expense report, as supplemented, still lacks the necessary detail for the Board to properly determine whether the costs of the Service Company employees were reasonable and just and not duplicative as an expense item. Consumer Advocate argued that Iowa-American has not provided the detail as required by 199 IAC 26.4 so the Board can ensure that rate case expense does not include expenses covered by test year expenses and, therefore, are not being double recovered.

Even though Iowa-American has provided the hours worked and hourly rate for Service Company employees, Consumer Advocate argued Iowa-American has

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not described the work performed by the Service Company employees or explained why the work was not included in "Test Year Service Expense" of \$4,479,976.

Consumer Advocate pointed out that Iowa-American paid \$4,479,976 during the test year for work performed by Iowa-American affiliates under a service agreement, which represents approximately 15 percent of test year expenses.

Consumer Advocate noted that Attachment B provided by Iowa-American only lists one of six Service Company employees who appeared as a witness in the rate case proceeding and the assumption by Consumer Advocate is that the other five witnesses' expenses were included in test year expense. Consumer Advocate argued that Iowa-American needs to explain how it calculated and accounted for these costs and how it determined which rate case expenses were included in the test year and which rate case expenses were not included in the test year. Consumer Advocate maintained that the Board needs this information to ensure there is no double recovery of these expense items. Consumer Advocate said the Board should disallow the Service Company rate case expense since Iowa-American had the burden of proof on this issue.

D. Board Discussion

Rule 199 IAC 26.4 provides, in relevant part, as follows:

199—26.4(476) Rate case expense.

26.4(1) A utility making an application pursuant to Iowa Code section 476.6 shall file, within one week of docketing of the rate case, the estimated or, if available, actual expenses incurred or to be incurred by the utility in litigating the rate case. Except for expenses incurred in

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preparation of the rate filing and notification of customers, the expenses shall be limited to expenses incurred in the time period from the date the initial application is filed through the utility's reply brief. Each expense shall be designated as either estimated or actual.

26.4(2) Estimated or, if available, actual expenses shall identify specifically:

- a. Printing costs for the following:
 - (3) Testimony
 - (4) Briefs
- d. Outside expert witness/consultant
 - (1) Number of outside consultants employed
 - (2) Hours per consultant employed
 - (3) Cost/hour per consultant employed
- e. Expenses stated by individual for both outside consultants and utility personnel
 - (1) Travel
 - (2) Hotel
 - (3) Meals
 - (4) Other (specify)
- f. Other (specify)

26.4(3) Rate case expense shall not include recovery for expenses that are otherwise included in test year expenses, including salaries for staff preparing filing, staff attorneys, and staff witnesses. Rate case expense shall include only expenses not covered by test year expenses for the period stated in subrule 26.4(1).

26.4(6) Actual utility expenses shall be filed in the same format and detail as estimated expenses and shall be filed within two weeks after filing the final brief. All material variances shall be fully supported and justified.

26.4(7) The board may schedule any additional hearings to litigate the reasonableness of the final expenses.

Three issues were raised by Consumer Advocate with respect to Iowa-American's rate case expense: double leverage, Dr. Morin's fee, and Service

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Company fees. There is a fourth issue the Board will address: rate case expense associated with the proposed QIP clause.

The first issue raised by Consumer Advocate is double leverage. Although the Board agrees that the evidence in this rate case is similar to the evidence concerning double leverage presented in Docket No. RPU-2011-0001, the Board will not disallow any rate case expense associated with this issue. While double leverage has been applied to Iowa-American for at least 20 years, the issue had not been fully litigated during that time period until Docket No. RPU-2011-0001, Iowa-American's most recent rate proceeding. Subsequent to the Board's decision to apply double leverage to Iowa-American, the Board held a meeting to allow interested participants to provide information about double leverage outside the confines of a rate case proceeding. There were numerous participants and the meeting could have been viewed by Iowa-American as an indication of the Board's continued interest in the subject. Further, the Board has now split on this issue, so double leverage will likely be relitigated until there is a definitive Board statement on the issue.

The second issue is Dr. Morin's fee. The Board understands Consumer Advocate's concern about the lack of detail to support the fee paid Morin in this case but there is no question that the issues addressed by Dr. Morin (double leverage and return on equity) are important and large-dollar issues that required significant time in preparing testimony, responding to discovery requests, reviewing Consumer Advocate testimony, preparing for hearing, and appearing at the hearing. There is

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no dispute as to Dr. Morin's expert qualifications in these subject areas and there is not sufficient information to disallow any of the fees paid to Dr. Morin in this case, particularly given that many experts in utility proceedings charge a flat fee like Dr. Morin. However, in future rate proceedings Iowa-American will be required to provide justification for any fee where the issues addressed by an outside consultant are settled. This information would consist of an hourly rate or similar amount associated with the time the consultant spent working on issues in the case. Even though the engagement may be by flat fee, the Board expects that in the future the time will be tracked on an hourly basis to help to establish whether the flat fee was reasonable.

The third issue raised by Consumer Advocate is Service Company expenses. Consumer Advocate argues that the Board should disallow rate case expense for Service Company employees because Iowa-American has not provided the detail to support the expenses associated with these employees as required by 199 IAC 26.4. Consumer Advocate maintained that Iowa-American is required to provide a description of the work performed by the Service Company employees and explain why that work was not part of the test year service contract expenses.

Board rule 199 IAC 26.4, in pertinent part, requires a utility to file within one week of the docketing of a general rate increase filing estimated or actual expenses in preparation of the rate filing, notification of customers, and litigation expenses

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between the date of filing and the utility's reply brief. Iowa-American estimated the cost of Service Company Labor and Benefits for this rate case as \$153,000.

Iowa-American filed Tinsley Workpaper 5 showing the expenses paid to the Service Company during the test year. Tinsley Workpaper 5 does not include a breakout of hours worked or an hourly rate for specific employees from the Service Company that performed the various functions that Iowa-American includes in the workpaper. In addition to other categories, the workpaper shows expense items for "Regulatory Operations," "Regulatory Services," and "Legal."

Attachment B to Iowa-American's January 24, 2014, resistance includes the hours worked and hourly rate for Service Company employees included in the actual expenses claimed by Iowa-American for this rate case. As noted by Consumer Advocate, Attachment B does not show any hours worked or an hourly rate for Iowa-American witnesses Verdouw and Kaiser. Attachment B does show hours worked and an hourly rate for Iowa-American attorney Reichart and Iowa-American employee Thakadiyil.

Without more detail describing what services are provided in the test year by Service Company employees and more detail describing the work performed by the Service Company employees shown on Attachment B, the Board is unable to determine whether the actual rate case expense submitted by Iowa-American involves double counting of work performed by Service Company employees during the test year. It seems unusual that two Service Company witnesses, Mr. Verdouw

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and Mr. Kaiser, have no hours shown on Attachment B while other employees that presumably helped in preparation of the two witnesses' testimony are included for recovery in rate case expense. There is simply inadequate support and documentation for the Service Company expenses.

The total actual rate case expense for Service Company employees as shown on Attachment B is \$111,662. This total includes actual rate case expense for Mr. Reichart and Mr. Thakadiyil. While it is evident that Mr. Reichart as Iowa-American counsel had actual rate case expense incurred outside the test year, there is not sufficient support to identify these expenses because there is a "Legal" category of expenses included in the test year without any detail.

In reviewing the record, Iowa-American has not provided sufficient support to establish the reasonableness of the Service Company expenditures, and those expenses (\$111,662) will be disallowed. In its next rate proceeding, Iowa-American will be required to provide descriptions of work performed by Service Company employees during both the test year and during the rate case proceedings to establish that there is no double-counting, or risk disallowance of Service Company expenses.

Another category of rate case expense needs to be examined, and that is the cost associated with litigating Iowa-American's proposed QIP clause. The Board in its May 19, 2013, order denying Consumer Advocate's motion for issue preclusion raised the issue that Iowa-American was relitigating issues every two years where an

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issue and the supporting testimony and exhibits did not change significantly from case to case. The Board stated that at some point the expenses of relitigation could be considered unreasonable from ratepayers' view and it would be more appropriate for the utility to recover the litigation expense associated with these issues from shareholders rather than ratepayers. In this case, the issue of Iowa-American's proposed QIP automatic adjustment mechanism is an issue that was litigated in the last rate case, Docket No. RPU-2011-0001. The proposed QIP mechanism and the testimony and exhibits supporting the QIP in this case are essentially the same as the QIP proposed in the earlier rate case, as acknowledged by Iowa-American's witness. (Verdouw Direct, p. 48) The only significant difference from the last rate case to the current rate case is that the cap on the amount to be recovered from ratepayers through the QIP has been raised from 5 percent to 15 percent.

Two Iowa-American witnesses (Mr. Kaiser and Mr. Verdouw) provide the majority of the testimony and evidence on QIP, although QIP is mentioned by some other Iowa-American witnesses. Mr. Kaiser presents essentially the same testimony he presented in Docket No. RPU-2011-0001, with updates for the passage of time and some additional detail about the age of the water system infrastructure. Mr. Verdouw presents the underlying rationale in support of the QIP in this case and his testimony is similar to the testimony by Iowa-American witness Foran in Docket No. RPU-2011-0001. Mr. Verdouw testified at the hearing that the increase in the cap

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and the additional states that had adopted a similar recovery mechanism were the only changes from Docket No. RPU-2011-0001. (Tr. 761)

As discussed earlier in this order in its decision on QIP, the Board noted that In Docket No. RPU-2011-0001, the Board found that the QIP as proposed (1) did not meet the traditional three criteria for approving an automatic adjustment mechanism; (2) that regulatory lag was not sufficient justification for implementing the QIP in that case; (3) there appeared to be no benefit to rate payers from the QIP; and (4) Iowa-American had not presented a specific replacement plan to replace parts of the aging infrastructure. In this docket, the Board previously discussed that (1) Iowa-American admits the QIP does not meet the three traditional criteria; (2) regulatory lag is not a significant issue since Iowa-American files a rate case every two years and Iowa statutes contain provisions minimizing the lag; (3) there appears to be no benefit to ratepayers from the QIP such as extending the time between rate cases or a reduced rate or return; and (4) Iowa-American did not present a specific plan for replacing aging infrastructure. The only plan presented by Mr. Kaiser is to replace leaks and breaks as they occur, which is the same plan Mr. Kaiser presented in Docket No. RPU-2011-0001.

Based upon the repetition of the testimony and the lack of new evidence to support the QIP in this case, the Board will deny rate case expense associated with Mr. Verdouw's and Mr. Kaiser's testimony in support of the QIP. However, as the Board noted when discussing Service Company rate case expenses, there appears

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to be no expense associated with Mr. Verdouw's and Mr. Kaiser's testimony in this case. Since there appears to be no expense associated with the Iowa-American witness testimony in support of QIP, there is not a specific amount that can be disallowed.

While there is no specific amount that can be disallowed based on Iowa-American's expenses, there was Board and Consumer Advocate time associated with reviewing the clause, although the Board cannot determine exactly how much Board and Consumer Advocate time was spent on the issue. However, the Board can readily determine the amount of time the Board staff person primarily responsible for the QIP issue spent on the case. This amount is \$5,830, and it will be disallowed. The Board notes that other expenses of the Board and Consumer Advocate associated with relitigating QIP offer further support for the disallowance of the amount of costs associated with the Service Company.

Iowa-American's rate case expense constitutes a large percentage of the overall revenue increase, particularly because Iowa-American has a historic pattern of filing rate cases every two years. While there can be extenuating circumstances where rate cases must be filed close together, here it appears to be a pattern and not the result of extenuating circumstances. This is supported by Iowa-American's evidence as to the time between rate cases in other jurisdictions. The Board encourages Iowa-American to extend the time between rate cases and to put more effort into resolving issues early with Consumer Advocate and any other intervenors,

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or risk the burden of rate case expense being placed on the shareholders, not the ratepayers, of Iowa-American. Of particular note is the rate case expense in Docket No. RPU-2011-0001, where rate case expense represented about 40 percent of the rate increase. Management should seek ways to manage the utility such that more money is put into replacing pipe and less spent on rate case expense.

XI. FINDINGS OF FACT

Based on a thorough review of the entire record in these proceedings, the Board makes the following findings of fact:

1. The business transformation adjustment of \$4,939,942 agreed to by Iowa-American and Consumer Advocate is reasonable.
2. It is reasonable to use total revenue lag days of 72.05 days (including 26.58 bill collection days), federal income tax lead days of 37.0 days, state income taxes lead days of 52.25 days, property tax lead days of 332.86 days, and Iowa-American's miscellaneous expense lead days.
3. Based on the evidence in this proceeding, the unbilled revenue adjustment proposed by Iowa-American is unreasonable.
4. It is reasonable to use a three-year simple average to calculate an uncollectible expense adjustment of (72,696).
5. It is unreasonable to make an adjustment to uncollectible expense to account for any increase in uncollectible revenue based on the rates approved in this proceeding.

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6. It is reasonable to recalculate interest synchronization to reflect the Board's decisions in this proceeding.
7. It is reasonable to adjust test year property tax expense by \$263,006.
8. Based on the evidence in this proceeding, it is reasonable to adopt a two-year amortization period for current and unamortized rate case expense.
9. It is reasonable to adopt a return on common equity for Iow-American of 9.9 percent.
10. It is unreasonable to adjust Iow-American's return on equity based on the utility's size.
11. It is unreasonable to adopt a flotation cost adjustment to Iow-American's return on equity.
12. Based on the evidence in this proceeding, it is reasonable to use the capital structure for Iow-American proposed by Consumer Advocate.
13. Iow-American did not meet its burden regarding elimination of the double leverage adjustment and, therefore, double leverage will be applied.
14. Based on the evidence in this proceeding, it is unreasonable to adopt a qualified infrastructure plant adjustment surcharge as proposed by Iow-American.
15. It is unreasonable to adopt an automatic adjustment mechanism for purchased power and chemical charges.
16. 1.63 is a reasonable peak day ratio.

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17. It is reasonable to allocate some common costs to the customer charge and Iowa-American's allocation is appropriate in this proceeding.

18. It is unreasonable to adopt an adjustment to test year billing units and revenues for either declining usage or weather.

19. It is reasonable to allocate 50 percent of the public fire costs to the customer charge and 50 percent to the volumetric charge, and it is reasonable to set the customer charge for the 5/8 inch meter at a rate no higher than the rate calculated based on the allocated costs determined by Iowa-American's class cost-of-service study.

20. It is reasonable to allocate 75 percent of the costs of private fire service to private fire customers and 25 percent to all of Iowa-American's customers, with that 25 percent allocation divided evenly (50/50) between the customer charge and volumetric charge.

21. It is reasonable to reduce rate case expense recoverable from ratepayers by \$117,492.00.

XII. CONCLUSIONS OF LAW

The Board has jurisdiction of the parties and the subject matter in this proceeding, pursuant to Iowa Code chapter 476 (2013).

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XIII. ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The proposed tariffs filed by Iowa-American Water Company on April 30, 2011, identified as TF-2013-0069 and TF-2013-0070, and made subject to investigation as part of this proceeding, are declared to be unjust, unreasonable, and unlawful.

2. Iowa-American Water Company shall file tariffs in compliance with this order within 20 days from the date of this order, reflecting rates that produce additional annual revenues (above test year revenues) of no more than \$40,573,126, consistent with this order and attached schedules A through D. Iowa-American shall file at the time it files proposed compliance tariffs an updated class cost-of-service study (including the functionalized costs by cost category) that reflects the Board's decisions on the issues in this proceeding and corresponds with Iowa-American's approved revenue requirement. Iowa-American shall also file within 20 days of the date of this order schedules showing how its proposed compliance rates are calculated and an updated bill analysis (proof of revenue) demonstrating that its proposed compliance rates will produce the approved revenue requirement. All documentation supporting Iowa-American's post-decision filing (except the tariffs themselves) is to be provided in Excel format, including formulas for each calculation. The compliance tariffs shall become effective upon approval by the Board.

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3. In future rate case proceedings, Iowa-American is to provide additional support for rate case expense as identified in the body of this order.

4. For future rate cases in which Iowa-American files a class cost-of-service study, Iowa-American shall file schedules showing the functionalized costs by cost category and schedules showing how all rates are calculated. These schedules shall be provided in Excel format, including formulas for each calculation.

5. This order constitutes the final decision of the Utilities Board in Docket No. RPU-2013-0002.

UTILITIES BOARD

ATTEST:

/s/ Elizabeth S. Jacobs

/s/ Joan Conrad
Executive Secretary

/s/ Nick Wagner

Dated at Des Moines, Iowa, this 28th day of February 2014.

Iowa American Water Company
Revenue Requirement
Schedule A
Docket Number RPU-2013-0002
Final Rates

	<u>Amount</u>
1 Rate Base	\$100,823,968
2 Rate of Return	8.467%
3 Required Net Operating Income	\$8,536,765
4 Adjusted Net Operating Income	\$6,288,884
5 Net Operating Income Deficiency (Excess)	\$2,247,882
6 Revenue Conversion Factor	1.71145
7 Revenue Deficiency (Excess)	\$3,847,137
8 Adjusted Operating Revenue	\$36,725,989
9 Revenue Requirement	\$40,573,126

Iowa American Water Company
Rate Case
Schedule B
Docket Number RPU-2013-0002
Final Rates

		<u>Rate Base</u>
1	Plant in Service	\$178,835,713
2	Accumulated Amort. & Deprec.	<u>\$51,940,450</u>
3	Net Utility Plant	\$126,895,263
	 Additions to Rate Base	
4	Materials and Supplies	\$528,016
5	Fuel Stocks	\$0
6	Prepayments	\$94,175
7	Cash Working Capital	<u>\$416,636</u>
8	Total Additions	\$1,038,827
	 Deductions to Rate Base	
9	Accum. Deferred Income Tax	\$17,722,644
10	Contributions in Aid of Constr.	\$3,605,683
11	Customer Advances	\$5,608,480
12	Accum. Prov. For Uncollectibles	<u>\$173,315</u>
13	Total Deductions	\$27,110,122
14	Total Rate Base	<u><u>\$100,823,968</u></u>

**Iowa American Water Company
Weighted Average Cost of Capital
Schedule C
Docket Number RPU-2013-0002
Final Rates**

American Water Works Corporation

	Amount	Ratio	Cost Rate	Weighted Cost
1 Long-term Debt	\$939,159,337	12.785%	6.055%	0.774%
2 Preferred Stock	\$0	0.000%	0.000%	0.000%
3 Common Equity	<u>\$6,406,399,179</u>	<u>87.215%</u>	9.900%	<u>8.634%</u>
4 Total	<u><u>\$7,345,558,516</u></u>	<u><u>100.00%</u></u>		<u><u>9.408%</u></u>

Iowa American Water Company

5 Long-term Debt	\$44,454,114	47.429%	7.424%	3.521%
6 Preferred Stock	\$0	0.000%	0.000%	0.000%
7 Common Equity	<u>\$49,273,491</u>	<u>52.571%</u>	9.408%	<u>4.946%</u>
8 Total	<u><u>\$93,727,605</u></u>	<u><u>100.00%</u></u>		<u><u>8.467%</u></u>

**Iowa American Water Company
Income Statement
Schedule D
Docket Number RPU-2013-0002
Final Rates**

	<u>Amount</u>
1 Operating Revenues	\$40,573,125
Operating Expenses	
2 Oper. And Maint. Expense	\$17,820,665
3 Depreciation and Amortization	\$6,832,445
4 General Taxes	\$3,720,985
5 Federal Income Tax	\$954,739
6 State Income Tax	\$553,804
7 Federal Deferred Income Tax	\$1,787,061
8 State Deferred Income Tax	\$403,859
9 Investment Tax Credit	<u>(\$37,198)</u>
10 Total Operating Expense	<u>\$32,036,360</u>
11 Operating Income	<u><u>\$8,536,765</u></u>

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

- 11.** Refer to the Bridwell Testimony, page 45. Ms. Bridwell claims that the “alternative regulatory riders” have allowed Tennessee-American Water Company (“TAWC”) to increase the amount of time between filing general rate cases.
- a. Provide quantifiable evidence linking the alternative regulatory riders to the extended time between TAWC’s filing of general rater cases.
 - b. Describe in detail each alternative regulatory rider that TAWC is currently authorized to use.

Response:

- a. Between 2002 and 2012, Tennessee American filed six rate cases; averaging a case every two years. Tennessee American has not filed a rate case since 2012 and is not anticipating a rate case before 2019, nor has it earned above its authorized rate of return. Since approval of the alternative rate mechanisms in April 2014, Tennessee American has been authorized two adjustments to its capital riders, completed one reconciliation and filed a second, and filed three Production Costs and Other Pass-Through Riders.
- b. On April 14, 2014, the TRA approved four new alternative rate mechanisms for Tennessee American, effective April 15, 2014, in TRA Docket No. 13-00130. Three of these alternative rate mechanisms were capital program recovery riders, and one was for a rider for Production Costs and Other Pass-Throughs (“PCOP”).

The three capital program recovery riders authorized in Docket No. 13-00130 were based on certain categories of capital expenditures to cover the investment period of calendar year 2014. The first capital recovery rider is the Qualified Infrastructure Investment Program (“QIIP”) Rider. This rider is designed to recover the costs associated with the capital investment made in between rate cases to replace aging infrastructure that is non-revenue producing. As discussed in this case, aging water and wastewater infrastructure is a growing problem across the United States that will require significant investments over the next few decades to continue to provide clean and reliable water service. This rider helps Tennessee American address its needs in replacing this critical infrastructure. The QIIP program includes replacement of existing infrastructure in the areas of mains, meters, services, hydrants, water treatment equipment, pumping equipment, and tank painting.

The second capital recovery rider is the Economic Development Investment (“EDI”) Rider. This rider is primarily for the recovery of investment made in infrastructure to assist in economic development in the communities and areas served by Tennessee American. Communities across the country are

competing for economic development opportunities to provide growth in jobs, taxes, and overall quality of life for residents. This rider provides an opportunity for TAWC to partner with the communities it serves to assist in Economic Development. Additionally, unlike the QIIP Rider, the EDI Rider may include operating expenses related specifically to economic development.

The third capital recovery rider is the Safety and Environmental Compliance (“SEC”) Rider. This rider is for the recovery of investment made to comply with safety and environmental regulations since the previous rate case. Tennessee American, like other utilities, is faced with increasing capital investment needs to comply with safety and environmental regulations. This rider assists TAWC in addressing those needs. Like the EDI Rider, the SEC Rider may include operating expenses that can be identified as specifically for the new infrastructure with this rider.

There are several main differences between the new capital riders and the future test year regulatory approach that has been used by TAWC for rate cases: (1) the method and procedure of filing; (2) the deferral of fully litigated rate cases; (3) the reduction of rate shock; and (4) the multiple benefits of the streamlined alternative mechanisms. If it were not for the new alternative regulatory methods available to the TRA and the regulated community, Tennessee American would likely have had to file a rate case in 2016. These new methods have deferred the need to file a full rate case, at least in the short term.

As set forth in the approved tariffs, all three capital recovery riders are established on an annual prospective basis utilizing 12-month average end-of-month balances and would reflect only those qualified plant additions installed after the conclusion of the initial rate year in Docket No. 12-00049. Consistent with the tariffs, the qualified plant additions are reduced by the projected retirements associated with the capital rider additions in the calculation of applicable depreciation and property tax expense. The EDI and SEC Riders are increased by the appropriate operating expenses. The annual review period was established in the tariffs submitted on March 25, 2014, and approved in Docket No. 13-00130 on April 14, 2014. The tariffs also establish a reconciliation period for each of the capital riders, which will occur 60 days after the close of the attrition period. As approved, the capital riders are cumulative and remain in place until reset back to zero at the conclusion of Tennessee American’s next rate case filing, at which point the capital costs, depreciation and taxes, and other operating expenses approved and previously recovered through the capital riders are then subsumed within Base Rates.

The QIIP, EDI and SEC are expressed as a percentage. They are each applied to the total amount billed to each customer under the otherwise applicable rates and charges for basic service, metered usage charges, and private fire charges, and are applied prior to the inclusion of any other taxes, charges, or surcharges. All three capital riders are combined into one line item on the bill of each customer.

The PCOP differs from the capital riders, in that at the end of a year, it looks at the historical period and compares the actual production expenses to the amount of production expenses authorized in the previous rate case. It then

applies an adjustment over the next year to account for any differences between the two amounts, either over or under the authorized amount. The first review period for the approved PCOP looked at the amount of production expenses in the attrition year from the previous rate case, which was December 1, 2012 to November 30, 2013 compared to the actual amount of production expenses that occurred between December 1, 2012 and November 30, 2013. The expenses in the attrition period were actually less than authorized in the case, so Tennessee American, under the approved PCOP applied a credit adjustment to customers.

These mechanisms make the regulatory process much more streamlined and less burdensome, without reducing effective and meaningful regulatory oversight. That is exactly why Kentucky American has proposed the mechanism that it has in this case. As intended under the statute and approved by the TRA, the whole process should be efficient, timely and much less expensive. Although there are some procedural issues to resolve to ensure that the process continues to meet the streamlining objective, there is no doubt but that the alternative rate adjustment methods are working.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell/Brent E. O'Neill**

- 12.** Refer to the Bridwell Testimony, page 37, which states the historical annual improvement rate for infrastructure by KAWC is 0.2 percent.
- a. Are there any legal or regulatory requirements that determine the level of infrastructure replacement? If so, explain.
 - b. How does KAWC determine the level of infrastructure replacement?
 - c. Explain fully how the burden of the associated carrying costs denies KAWC the opportunity to achieve the rate of return authorized by the Commission in base rate cases.

Response:

- a. None that KAWC is aware of that address specific levels of infrastructure replacement. There are numerous requirements, however, to maintain a distribution system in order to protect water quality and assets. Replacement is based primarily on the specific needs of the system.
- b. For the formula, it is the amount of annual replacement divided by the total amount of distance of mains. As to the decision-making process of the level of infrastructure to be replaced, KAWC first considers how much capital is available that can be committed to infrastructure replacement which can be influenced by a number of factors. Then, as described in Mr. O'Neill's direct testimony, KAWC prioritizes specific projects for infrastructure replacement. Please see the response to Item 13 of this same request.
- c. KAWC is proposing to accelerate its rate of main replacement above its current capital construction levels. Accelerating investment in infrastructure replacement and rehabilitation is not for new growth from increasing consumption or plant needed for serving new customers because of a population boom on the horizon. These incremental costs do not result in increased sales; they support existing sales. These are non-revenue producing investments to maintain and improve service reliability to existing customers. This increasing level of non-revenue producing investments results in higher carrying costs which will erode KAWC's ability to achieve the authorized rate of return. The proposed QIP charges will simply cover the earnings deficiency that would otherwise be caused by increasing investments in non-revenue producing plant additions.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell/Brent O'Neill**

- 13.** Refer to the Bridwell Testimony, pages 37–54. Many of the benefits stated in Ms. Bridwell's testimony in support of the QIP rider appear to be as a result of infrastructure improvements. KAWC could increase the annual amount of infrastructure replacement without a rider such as the proposed QIP. Provide KAWC's response to this statement.

Response:

While it is true that KAWC could increase the annual amount of infrastructure replacement without such a rider such as the proposed QIP, KAWC believes that consideration of an alternative regulatory mechanism as proposed would be mutually beneficial to all of the stakeholders, which includes customers, the Company (both the shareholders and the employees), and the regulators.

The Company's distribution system currently includes approximately 1,975 miles of pipe. The KAWC pipe replacement rate that closely matches the estimated useful life of these assets is an average of 23 miles of pipe per year. This translates to a projected annual replacement rate of 1.2%.

Since 2009 the Company has replaced 18.3 miles of cast iron main and replaced it primarily with ductile iron main. This represents a replacement rate for cast iron main of 2.6 miles per year during the 7-year period, including the accelerated rate of 3.9 miles per year over the past 2 years from 2014 and 2015. This translates to a current average pipeline replacement rate of cast iron main of only 0.2% compared to the recommended 1.2% replacement rate to maintain the system with the expected life of the networks pipe material.

At the average rate of pipe replacement over the past several years, it would take approximately 60.6 years to replace all of the cast iron mains. If this same average rate of 0.2% is used to address all of the mains in the distribution system, it would take nearly 500 years to replace all of the mains in the system.

The Company anticipates that its acceleration of infrastructure replacement will occur over time. As the trajectory of the Company's capital spending accelerates, making utilities file base rate cases when regulatory treatment does not keep up with ongoing capital expenditures results in regulatory lag, causing negative cash flow and risk to returns, which discourages ongoing expenditures. This circumstance is exacerbated by the erosive impact of past and projected declines in customer usage.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

- 14.** KAWC's proposed DSIC mechanism was denied by the Commission in Case No. 2012-00520. Explain why the proposed QIP should be approved in this case.

Response:

In its Order in Case No. 2012-00520, the PSC identified four reasons for denial of the DSIC mechanism. First, the PSC determined that “[g]iven the minimal impact of Kentucky-American’s increased investment on main replacement, the Commission is of the opinion that the effect of the DSIC tariff rider will be marginal.”¹ KAWC believes that the program it has presented, including the analysis of the different lengths of the program to achieve a higher replacement rate demonstrate the impact is far from marginal. The replacement of critical infrastructure on this scale cannot happen overnight, but has to take place over a defined period and with gradualism for both the costs and impact.

Second, the PSC determined that “[i]f Kentucky-American continues its current course of submitting rate cases approximately every two years, then its estimated impact of the accelerated replacement of the mains has been overstated.”² KAWC disagrees that it is on a current course of submitting rate cases approximately every two years. The frequency of recent rate cases was increased with the implementation of a single, \$164 million project, but otherwise KAWC has averaged three years between rate cases. Other utilities have been successful in achieving even longer periods between rate cases with a surcharge mechanism in place, allowing regulatory oversight on the ongoing capital needs without the ratepayer expense for a rate case.

Third, the PSC determined that “Kentucky-American contradicts itself when it states that mains with a diameter of six inches or less are responsible for the majority of the distribution system leaks and failures, but then claims that DSIC tariff rider will not result in any identifiable cost savings in the near term.”³ KAWC disagrees that it was or is contradictory in seeking a DSIC or QIP. Mr. O’Neill’s testimony in this case clearly identifies that the majority of distribution system leaks and failures occur on mains that are six inches or less in diameter. Cost savings may be appropriate to include if they can be tracked accurately and reliably, but savings are difficult if not impossible to quantify on a year-over-year basis due to the many variables that can affect unaccounted-for water amounts. Certainly, all things being equal, unaccounted-for water loss will be reduced if

¹ PSC Order in Case No. 2012-00520, October 25, 2013, pages 61-62.

² Order, page 62.

³ Order, page 62.

a leaking main is replaced. However, that reduction can be wiped out in the course of one year to the next with fluctuations in extreme weather that will increase main breaks.

Fourth, the PSC determined that “[u]nlike the DSIC tariff rider, the accelerated gas main tariff riders were allowed for safety concerns and the main replacements were for a defined accelerated replacement period.”⁴ KAWC encourages the Commission to give adequate consideration to the very real safety concerns with aging water infrastructure. These safety concerns continue to escalate each year across the entire United States. As discussed in Mr. O’Neill’s testimony, replacement of aging infrastructure has very real and significant impacts on water quality and potentially public health. Further, the infrastructure that is scheduled for replacement provides fire protection at a lower rate than other areas KAWC serves that can erode as the mains are deteriorating. KAWC will continue to provide its customers safe, reliable water but clearly an accelerated main replacement program will help reduce the risk of these safety concerns. KAWC has hired a third party consultant to help evaluate its infrastructure and the need for replacement, identified an accelerated replacement period to address safety concerns while reducing regulatory lag, and believes that the proposed QIP is in the public interest. Since the conclusion of Case No. 2012-00520, public utility regulatory agencies in other states have either approved or are moving toward approval of alternative rate mechanisms similar to the proposed QIP for water utilities. Regulatory agencies are continuing to recognize the advantages to these mechanisms as mutually beneficial to all the stakeholders.

⁴ Order, page 62.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

- 15.** Refer to the Bridwell Testimony, page 45, which states, "I am confident that the QIP would allow Kentucky-American to increase the time between general rate case filings." Explain why Ms. Bridwell is confident.

Response:

Please refer to my response to Item 11 of this same request. All things being equal, KAWC should be able to extend the period between general rate case filings with the implementation of a QIP. For example, the Company will not need to file a general rate case to recover increased investment for an accelerated infrastructure replacement program but may need to file a general rate case for revenue shortfalls in an environment of falling sales. Additionally, see the response to Item 16 of this same request.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

- 16.** List each American Water subsidiary that currently uses an infrastructure replacement tariff rider similar to KWAC's proposed QIP.
- a. For each American Water subsidiary listed, state the frequency of its general rate adjustment proceedings for the ten years prior to implementing the infrastructure replacement tariff rider.
 - b. For each American Water subsidiary listed, state the frequency of its general rate adjustment proceedings since adopting the infrastructure replacement tariff rider.

Response:

- a. Illinois – Illinois American was first authorized in 2004 on a limited basis, and for all of Illinois American in 2011. In the ten years from 1995 – 2004 Illinois American filed 4 rate cases.

Indiana – Indiana American was first authorized in 2000. In the ten years from 1990 – 1999 Indiana American filed 6 rate cases.

Missouri – Missouri American was first approved in 2003 and only for a portion of its system. In the ten years from 1994 – 2003 Missouri American did not file combined rate cases for its entire system, but filed Saint Louis County separately and filed 7 rate cases.

New Jersey – New Jersey American was first approved in 2012. In the ten years from 2003 – 2012 New Jersey American filed 5 rate cases.

New York – is a legacy system from an acquisition of Long Island Water. Their DSIC was first approved in 2008. In the ten years from 1999 – 2008 Long Island filed 3 rate cases.

Pennsylvania – Pennsylvania American was first approved in 1996. In the ten years from 1987 - 1996 Pennsylvania American filed 7 rate cases

Tennessee – Please refer to the response to Item 11 of this same request.

- b. Illinois – Illinois American has filed 4 rate cases in the 13 years since its program was first initiated.

Indiana – Indiana American has filed 5 rate cases in the 16 years since its program was authorized, the last in 2014.

Missouri – Missouri American is required to file a rate case no later than three years after the initial filing of an ISRS upon completion of the most recent general rate case.

New Jersey – New Jersey American has filed 1 rate case in the 4 years since its program was authorized.

New York – Long Island Water has filed 1 rate case in the 8 years since its program was authorized.

Pennsylvania – Pennsylvania American has filed 7 rate cases in the 21 years since its program was authorized.

Tennessee – Please refer to the response to Item 11 of this same request.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

- 17.** Refer to the Bridwell Testimony, pages 42–44. Ms. Bridwell describes the expected cost savings that will occur if the QIP is implemented. Quantify the cost savings identified by Ms. Bridwell in her direct testimony. Include copies of all work papers, calculations, and assumptions used by KAWC in its response.

Response:

Please refer to the Direct Testimony of Kevin Rogers, p.6 lines 6-12:

“A QIP program will enable us to develop and maintain a more systematic main replacement program (primarily of our cast iron mains) that have proven to be most susceptible to breaks and leaks. The accelerated systematic replacement cycle QIP supports will be more cost effective for customers because replacing these mains will reduce the high cost of unscheduled breaks and emergency situations that are not only costly to repair but also interrupt customer service and are prone to causing damage to KAWC property, customer property and city streets.”

The savings of these avoided costs of systematic main replacement vs. emergency main replacement due to unscheduled breaks and leaks cannot be specifically quantified. However, the average cost per foot of unscheduled main replacements is \$1,351 as compared to an average cost per foot of scheduled main replacement of \$170.

Additionally, the power and chemical cost savings attributable to minimizing loss of water due to leaks and breakage would result in additional funds available for investment in replacing aging infrastructure.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

- 18.** Refer to the Bridwell Testimony, pages 50–51. Ms. Bridwell explains how the proposed QIP will function and provides the proposed QIP formula. Explain why the proposed QIP lacks any provision to recognize cost savings.

Response:

The formula does not include a provision to recognize cost savings for two reasons. First, identifying, quantifying and tracking cost savings that is directly the result of the replacement of targeted infrastructure would be extremely challenging. While the revenue requirement for the capital construction can be isolated fairly simply for the cost of the program, the operational expense or cost savings are much more difficult. The primary cost savings will result from a reduction in non-revenue water and a reduction in unscheduled maintenance expense. However, both of these components are greatly influenced by other factors that are difficult to separate, including extreme weather conditions. There is no question that main breaks and leaks occur at a greater frequency during extremely cold conditions, and drought conditions. During any given year, the amount of unaccounted-for water can increase due to weather conditions even if the scheduled infrastructure replacement reduces known or potential leaks on the infrastructure it is replacing. There is not an accurate way to predict exactly which mains will break which years, and thus replacing what appears to be the worst main one year may not actually result in any cost savings because of breaks and leaks on other mains that did not appear to be a higher priority. The number of assumptions that would have to be made to create a cost savings to include would be great enough to affect the validity of the calculations.

Second, the cost savings of the operational expenses would be minor on a year-over-year basis. The purpose of the program is to encourage an accelerated replacement of critical infrastructure by reducing regulatory lag, reducing regulatory expense and promoting rate gradualism. However there is no question that all things being equal, there will be a gradual cost savings over the life of the program. KAWC cannot expect to go the entire length of the program without periodic rate cases, and the cost savings would be realized by the customers at the time of those rate cases. It is difficult to anticipate the cost savings of regulatory expense until the determination of the program and the filing requirements are determined, the amount of discovery is determined, and whether or not it requires a contested proceeding.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

- 19.** Refer to the Bridwell Testimony, page 48, where Ms. Bridwell lists the categories of utility plant that would qualify for inclusion in KAWC's proposed QIP. Given that the proposed QIP is intended to accelerate KAWC's replacement of its aging transmission and distribution mains, provide a detailed explanation as to why KAWC is proposing to include each of the following utility plant categories in its QIP:
- a. Account 333, Services;
 - b. Account 334, Meters and Meter Installations;
 - c. Account 335, Hydrants; and
 - d. Account 311, Pumping Equipment.

Response:

- a-c. The purpose of the QIP program is to accelerate distribution system improvements to reduce unaccounted for water, reduce unscheduled maintenance in order to produce long-term cost savings and improve safety by reducing the risk of contamination and improve fire protection on smaller-sized mains. When KAWC undertakes a main replacement project, all of the facilities along that main are generally replaced if they are nearing the end of their useful life. This includes Services, Meter and Meter Installations, Hydrants and Valves. All of the costs associated with that project are included in that project even if the facilities are under a different NARUC plant account, and that project in its entirety would be charged under the Item B, C or D Strategic Capital Expenditure Recurring Project. It would be highly inefficient to not replace 80 year-old galvanized or the few remaining lead service lines at the same time that the main is being replaced. KAWC is proposing to incorporate all of the NARUC plant account facilities associated with each of these projects in the QIP as those assets are also crucial to the goals of the QIP, and would likely not be replaced at that time if the main was not being replaced.
- d. Replacing Pumping Equipment is a vital component in maintaining pressure in the distribution system, and thus providing the maximum safety considerations to KAWC customers. While the focus of the QIP is primarily to replace distribution mains, the pumping equipment

replacement is also the opportunity to provide the most cost effective replacement.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Brent O'Neill

- 20.** Refer to the Direct Testimony of Brent O'Neill ("O'Neill Testimony"), page 25. Mr. O'Neill states that with a 25-year replacement period, KAWC will replace 240 miles of cast iron or galvanized steel mains at a rate of 9.6 miles per year at an expected annual cost of \$6.59 million. Provide the cost estimate for each utility plant category listed in Item 19 above that is included in the expected annual cost of \$6.59 million.

Response:

Upon review of the work that has been performed over the past few years regarding main replacement mains, KAW would anticipate that the following cost estimate for each utility plant listed below for the proposed work to replace 240 miles of cast iron or galvanized steel main at annual cost of \$6.59 million:

\$4,734,120	Account 331, T&D Mains
\$ 155,459	Account 333, Services
\$ 536,518	Account 334, Meters and Meter Installations
\$ 418,397	Account 335, Hydrants

This represents a construction cost of \$5,844,493 for the replacement main along with the cost of \$745,507 associated with the retirement of the facilities being replaced.

When replacing water main, KAW typically replaces the hydrants associated with the existing main that is being replaced. This is to allow for the existing hydrant to remain in service while the new main and the hydrants attached to this main are being constructed. In addition, from time to time the existing services and meters are replaced at the same time as the main is replaced due to the condition of the service and meters at the time construction is occurring or due to a reduced impact to the customers as the replacement main is being constructed.

At this time the work proposed as part of the replacement of the 240 miles of cast iron or galvanized steel main does not anticipate utilizing Account 311, Pumping Equipment. However, the account could be used to rehabilitate pumping equipment associated with booster pumps that would provide service to the replaced mains to assist in the improvement of service to the areas served by the replacement main.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Brent O'Neill / Linda C. Bridwell

- 21.** Refer to the O'Neill Testimony, page 25, and Exhibit BEO-1, KAWC Aging Infrastructures Review of the Water Distribution System, Appendix – Five Year Projected Projects for Main Replacement Program.
- a. Using the QIP formula on page 51 of the Bridwell Testimony, calculate the QIP(s) for the five-year projected construction period. Include copies of all work papers, calculations and assumptions used by KAWC in its calculations.
 - b. Refer to KAWC's Response to Staff's First Request, Item 10, Strategic Capital Expenditure Plan. Explain how the proposed QIP would impact KAWC's five-year construction plan.

Response:

- a. KAWC has estimated the following QIP, however some of the methodology may need to be revised as part of the initial application in that process. Kentucky American would expect to prepare a monthly forecast of net additions based on a 13-month average as part of the initial filing. The calculated QIP Rate for the five-year construction period is as follows

First Year	0.53%
Second Year	1.06% (Cumulative 1.59%)
Third Year	1.09% (Cumulative 2.68%)
Fourth Year	1.08% (Cumulative 3.76%)
Fifth Year	1.06% (Cumulative 4.82%)

The calculation sheet and the assumptions are attached as requested.

- b. KAW would expect that the implementation of the QIP would impact the five – year construction plan with an addition of expenditures based on QIP replacements, while an overall possible reduction in non-QIP proposed spending associated with the Recurring Projects Line B Mains – Replaced/ Restored. If the QIP was implemented some of the current projects identified in the Line B Mains – Replaced/ Restored would be associated with the replacement of cast iron main as identified within the QIP. Approximately \$1,900,000 of the proposed work in the 2017 is associated with the replacement of cast iron main and would be moved to the QIP leaving approximately \$2,000,000 of replacement projects that will be undertaken through the Line B Mains – Replaced/ Restored. The Company would anticipate that the need to replace mains other than cast iron main would continue in the range of \$2,000,000 per year through the Line B Mains Replaced/ Restored budget line to replace underperforming infrastructure.

The other work identified within the Strategic Capital Expenditure Plan is important system improvements that will enable Kentucky American to: provide safe, adequate, and reliable service to its customers; satisfy all local, state and federal regulatory requirements; and to support the communities served and that work will continue.

Case 2015-00418
PSC 2-21 Attachment

Year 1 Anticipated Overall Spend	Year 2 Anticipated Overall Spend	Year 3 Anticipated Overall Spend	Year 4 Anticipated Overall Spend	Year 5 Anticipated Overall Spend
\$ 6,448,500	\$ 6,678,750	\$ 6,597,300	\$ 6,591,300	\$ 6,345,900

CALCULATION OF QIP BASED ON ANTICIPATED CAST IRON AND GALVANIZED MAIN REPLACEMENT PROGRAM						
		Average Year 1	Average Year 2	Average Year 3	Average Year 4	Average Year 5
Description		Budget	Budget	Budget	Budget	Budget
NetQIP	Average QIP	\$3,224,250	\$9,787,875	\$16,425,900	\$23,020,200	\$29,488,800
	Plus: Cost of Removal less Salvage	\$428,694	\$857,388	\$1,286,082	\$1,714,776	\$2,143,470
	Less: Contributions in Aid of Construction	(\$113,044)	(\$226,088)	(\$339,131)	(\$452,175)	(\$565,219)
	Less: Deferred Income Taxes	(\$419,873)	(\$839,745)	(\$1,259,618)	(\$1,679,490)	(\$2,099,363)
	Less: Accumulated Depreciation	(\$53,523)	(\$108,956)	(\$163,714)	(\$218,422)	(\$271,093)
	NetQIP	\$3,066,505	\$9,470,474	\$15,949,519	\$22,384,889	\$28,696,596
PTROR	Pre-Tax Authorized Rate of Return:	11.58%	11.58%	11.58%	11.58%	11.58%
	Pre-Tax Return on Additions:	\$354,948	\$1,096,207	\$1,846,157	\$2,591,051	\$3,321,631
NetDep	Depreciation Expense on Additions:	\$53,523	\$162,479	\$272,670	\$382,135	\$489,514
PT	Property and Franchise Taxes Associated:	\$116,527	\$359,878	\$606,082	\$850,626	\$1,090,471
R	Reconciliation Component	0	0	0	0	0
	QIP Program Revenues:	\$524,998	\$1,618,564	\$2,724,909	\$3,823,812	\$4,901,616
RT	Uncollectible Expense Percent	0.74%	0.74%	0.74%	0.74%	0.74%
	Revenue Taxes	1.90%	1.90%	1.90%	1.90%	1.90%
	RT	2.6410%	0.0141%	0.0141%	0.0141%	0.0141%
	Total Revenues with Revenue Taxes	\$539,239	\$1,618,792	\$2,725,292	\$3,824,350	\$4,902,305
PAR	Proposed Authorized Revenues	\$101,804,660	\$101,804,660	\$101,804,660	\$101,804,660	\$101,804,660
	Cumulative QIP Rate	0.53%	1.59%	2.68%	3.76%	4.82%
	QIP Rate Increase Per Year	0.53%	1.06%	1.09%	1.08%	1.06%

Assumptions:

Using the formula base on $QIP\% = \{[NetQIP \times PTROR] + NetDep + PT + R\} / [1 - RT] / PAR$

Forecasted COR less Salvage = 571,572 estimate based on current rate calculation, assumed 75% for calculation

CIAC = \$452,175 annual 13-month average based on current filing, assume 25%

Deferred Taxes = \$839,745 assumed based on current filing, assume 50%

Accumulated Depreciation = the accumulated depreciation for account 331 is 1.66%

Pre-Tax Authorized Rate of Return = approximately 11.575%

Depreciation Expense = the depreciation expense for account 331 is 1.66%

Property Tax = 0.8%

Franchise Fee = 3%

Gross Receipts Tax = 1.9%

Overall Property and Franchise Taxes = Sum of Property Tax, Franchise Fee and Kentucky River Authority Fee (3.8%)

Reconciliation Component = over/under recovery of QIP cost during the prior year. Assumed there was no over/under recovery for this estimate

Uncollectable Expense = 0.74%

Revenue Tax = 1.901%

Proposed Authorized Revenue = Based on the current case, \$101,804,660

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Brent O'Neill/Linda C. Bridwell

- 22.** Refer to the Bridwell Testimony, page 48. Ms. Bridwell explains that the proposed QIP “would be established on an annual prospective basis utilizing 13 month average end-of-month balances.”
- a. Explain why KAWC is proposing to use a forecasted rather than a historical period for its QIP.
 - b. On page 49, Ms. Bridwell explains that KAWC proposes to make annual “Reconciliation” filings at the conclusion of each QIP year. If a historical period were to be used, explain whether this would eliminate the need for an annual reconciliation filing and result in a decreased QIP cost.

Response:

- a. KAW is proposing to use a forecasted rather than a historical period for its QIP for three reasons. First, utilizing a forecasted period is consistent to the current practice followed by a general rate case. A forecasted period would allow a greater reduction of regulatory lag. Second, with a forecasted QIP, the Company would make its annual QIP filing not later than 90 days prior to the effective date of each QIP implementation. As a part of this filing, the Company will provide a list of the proposed projects associated with the filing. This will allow the Commission to review all aspects of the filing including verification that the included projects are QIP qualifying and the prudence of the projects. The Company believes this brings an element of transparency for the work being performed through the QIP and protection to its customers. Finally, the use of a forecasted QIP ensures that the Company focuses on the replacement of cast iron main in a timely manner while balancing other competing interests that arise during the year. By the forecasting of the proposed projects in the annual QIP filing, it is incumbent on the Company to ensure that it manages those projects effectively and justify the reason for any changes. Through this process the Company believes this adds to the transparency of the QIP.
- b. If a historical period was used then the need for the “Reconciliation” filing would be eliminated. Through the use of either a historical or a forecasted QIP, the Company would plan to perform the same amount of replacement projects. While the use of a historic period does eliminate the need for the “Reconciliation” filing, it is unclear if this would result in a decrease in the cost to administer the program. The Company would expect that a more extensive review of the historic filing to ensure that the completed projects qualified and were prudent and result

in similar efforts of the forecasted QIP. Through the use of a historical QIP, the element of transparency of the planned work is lost. It also lessens the reduction of regulatory lag, thus reducing the financial benefits to both the customers and the Company.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

- 23.** a. Provide a detailed estimate of the cost KAWC will incur when it files the annual QIP applications.
- b. Provide a detailed estimate of the cost KAWC will incur when it files the QIP reconciliation applications.
- c. Include copies of all work papers, calculations and assumptions used in its responses to 23.a. and 23.b.

Response:

- a. KAWC has not attempted to estimate the cost it will incur when it files the annual QIP application, nor would it be reasonable to attempt a detailed estimate without knowing what concerns the parties have, the requirements that will be imposed in the initial filing, the amount of external consultants that may be required, the amount of discovery that may be required, and whether or not the application would involve a contested hearing.
- b. KAWC has not attempted to estimate the cost it will incur when it files the QIP reconciliation applications, nor would it be reasonable to attempt a detailed estimate without knowing what concerns the parties have, the requirements that will be imposed in the initial filing, the amount of external consultants that may be required, the amount of discovery required, and whether or not the reconciliation would involve a contested hearing.
- c. There are none at this time.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Christine Karlsson**

- 24.** Refer to KAWC's Response to Staff's First Request, Item 18, 2015 Annual Incentive Plan.
- a. (1) State whether the forecasted employee incentive pay being awarded under KAWC's 2015 Annual Incentive Plan is similar to the plan whose costs the Commission disallowed in Case No, 2004-00103.¹
- (2) If the incentive plan is the same, explain why KAWC proposes to include its costs in the determination of rates in this proceeding.
- (3) If the incentive plan differs from that reviewed in Case No. 2004-00103, provide a comparative analysis listing the similarities and differences between the two incentive plans. Include detailed discussions for each similarity and difference noted in KAWC's comparative analysis.
- b. (1) State whether forecasted employee incentive pay being awarded under KAWC's 2015 Annual Incentive Plan is similar to the plan whose costs the Commission disallowed in Case No. 2010-00036.²
- (2) If the incentive plan is the same, explain why KAWC proposes to include its costs in the determination of rates in this proceeding.
- (3) If the incentive plan differs from that reviewed in Case No. 2010-00036, provide a comparative analysis listing the similarities and differences between the two incentive plans. Include detailed discussions for each similarity and difference noted in KAWC's comparative analysis.

Response:

- a. (1) The forecasted incentive pay awarded under KAWC's 2015 Annual Incentive Plan is similar to KAWC's 2004 Annual Incentive Plan.

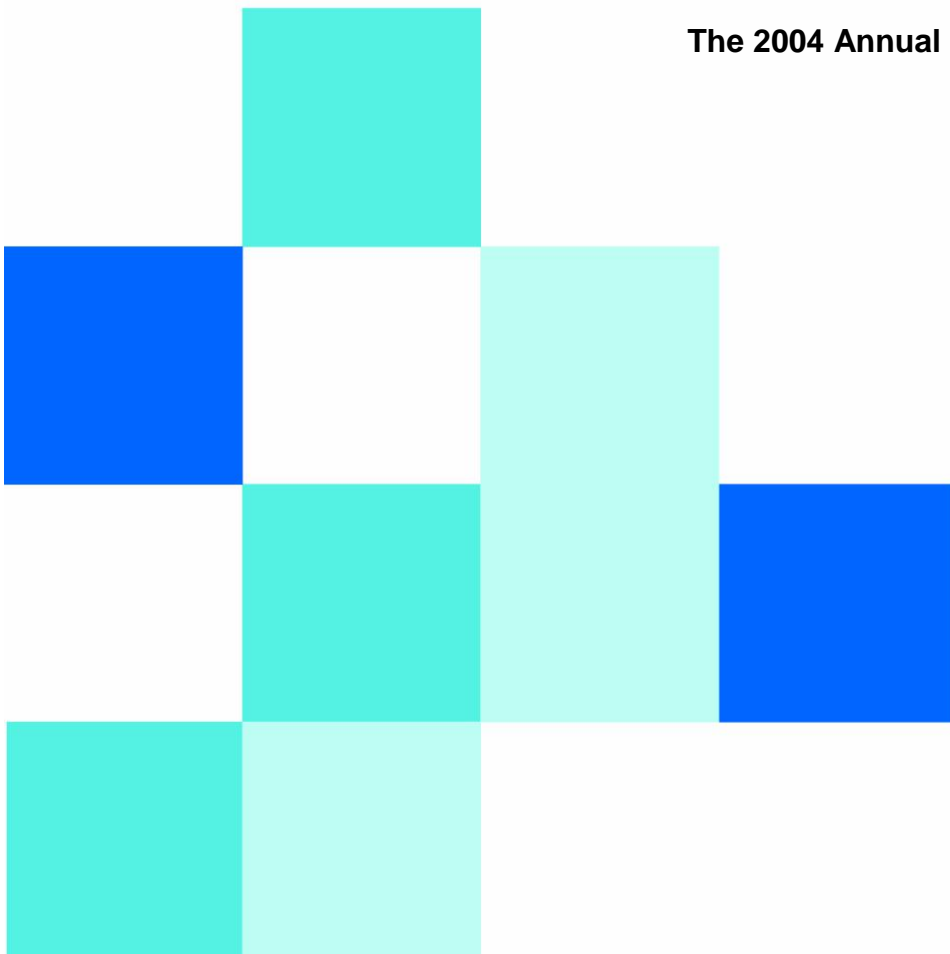
¹ Case No. 2004-00103, *Adjustment of the Rates of Kentucky-American Water Company* (Ky. PSC Feb. 28, 2005), Final Order at 47-49.

² Case No. 2010-00036, *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Dec. 14, 2010), Final Order at 29-33.



Rewarding Achievement

The 2004 Annual Incentive Plan



The 2004 American Water Annual Incentive Plan

The 2004 American Water Annual Incentive Plan (AIP) recognizes the opportunity and the accountability we share for achieving our goals. Your accomplishments have helped to build American Water's success to this point, and the AIP will reward you for the contribution you make to the achievement of our goals.

Who Is Eligible for the 2004 AIP

As in our previous plan, all full-time management, professional and technical employees (exempt from overtime) in American Water are eligible to participate in the 2004 AIP.

Eligible employees who join American Water before September 30 of a plan year (January 1 – December 31) are also eligible to participate in the plan on a prorated basis.

Eligible employees seconded from RWE/Thames Water will participate in the plan for the duration of their secondment.

Your Award Opportunity

Your award opportunity is based on your role. Your manager will confirm your award opportunity to you in writing.

If you are promoted during the plan year to a position with a higher award level, your opportunity will be prorated to reflect the full months at each award level. Similarly, if you are reclassified to a position with a lower AIP award level, your award opportunity will be prorated to reflect the full months at each award level.

What the Plan Measures

The AIP is designed to reward participants for the performance results they and the Company attain during the plan year. There are three performance components: financial, operational and individual.

- The **Financial** component includes two new measures – Value Added and Free Cash Flow I.

Goals will be set for the business unit in which you work based on the 2004 business plan. In 2003, goals were set at your work and at the next higher organizational level; in 2004, financial goals will only be based on your business unit level, e.g., California American.

- The **Operational** component includes performance measures tied to the American Water balanced scorecard through which customer service, environmental and health & safety measures and goals, as appropriate to your role, are the key performance indicators. Those in American Water Business Center roles in Voorhees will have a mix of financial and individual measures, but no Operational component.
- The **Individual** component includes objectives (Key Performance Indicators) within the company performance management process.

Financial Measures	Operational Measures	Individual Measures
<ul style="list-style-type: none"> ▪ Value Added ▪ Free Cash Flow I 	<p>Examples include:</p> <ul style="list-style-type: none"> ▪ Customer Service – This will make up 50% of the total operational component. This measure deals with services that directly benefit the customer. ▪ Environmental ▪ Health & Safety <p>...as applicable to your business unit and role</p>	<ul style="list-style-type: none"> ▪ 5 Key Performance Indicators (KPI's) to be agreed by AIP participant and their manager by the end of April.

A Note on “Value Added” and “Free Cash Flow I”

In the 2003 AIP Plan, the measures were Operating Result and Net Debt. For 2004, we’ve chosen Value Added and Free Cash Flow I as the measures for the Financial component of the AIP because they are critical gauges of our business success, and are now the standard used by RWE. Here’s how we define these new terms.

- **Value Added**

- An established measure which reflects the contribution made by a business unit to the Group, relative to its cost of capital
- It is calculated using operating result and operating assets

- **Free Cash Flow I**

- An important operating figure that is also linked to net debt performance.
- It is defined as the cash flow from operating activities (after interest and tax) plus capital expenditure. It does not include the impact of financial restructuring or any impact of acquisitions or disposals.

Each measure has equal weighting and business plan performance will deliver half the relevant financial bonus element. Therefore, if only one measure is met, there could be a potential award under the plan.

Each performance measure has a straight-line payment profile, with the mid-point defining “on-target” performance, i.e. 100%. The slope of the payment profile is determined by reference to the volatility (inconsistency) associated with the measure. For Value Added, volatility is determined by potential variations in operating result; for Free Cash Flow I (“FCFI”), volatility is determined by Earnings Before Interest Tax Depreciation and Amortization (EBITDA).

In all cases, the 2004 plans have been adjusted for the capital expenditure challenge that we have set as a company.

How Your Award Is Weighted

Your award opportunity is based on up to three performance components, depending on your role. You can earn part of your award for each component independent of the others. That means you can receive an award based on all, some or none of the applicable components, depending on actual performance results.

Note that the American Water Board reserves the right to determine whether incentives are payable to any individual or group of individuals. The Board may withhold all incentive payments in exceptional circumstances, such as failing to meet minimum financial goals. In any case, individuals who do not meet our performance expectations will not be eligible to receive an incentive award.

The portion of your award opportunity you can earn for each component is reflected in weightings assigned to each, based on your role in the organization, as the following chart shows.

If your position is...	Your Financial component weighting is...	Your Operational component weighting is...	And your Individual component weighting is...
Regional Managing Directors & their direct reports*	70%	20%	10%
Business Center employees (Voorhees, Procurement, IT, Belleville, SSC)	70%	N/A	30%
Other eligible management and exempt employees	60%	25%	15%

* (Does not apply for administrative or short-term special assignment employees who report to Regional Managing Directors. Those individuals would fit under the "other eligible management and exempt employee category in the chart above.)

Note that award opportunities for all Business Center (Voorhees) roles will have a mix of Financial and Individual measures, but no Operational component.

Your manager will discuss these with you and confirm in writing the measures and weightings that apply to you.

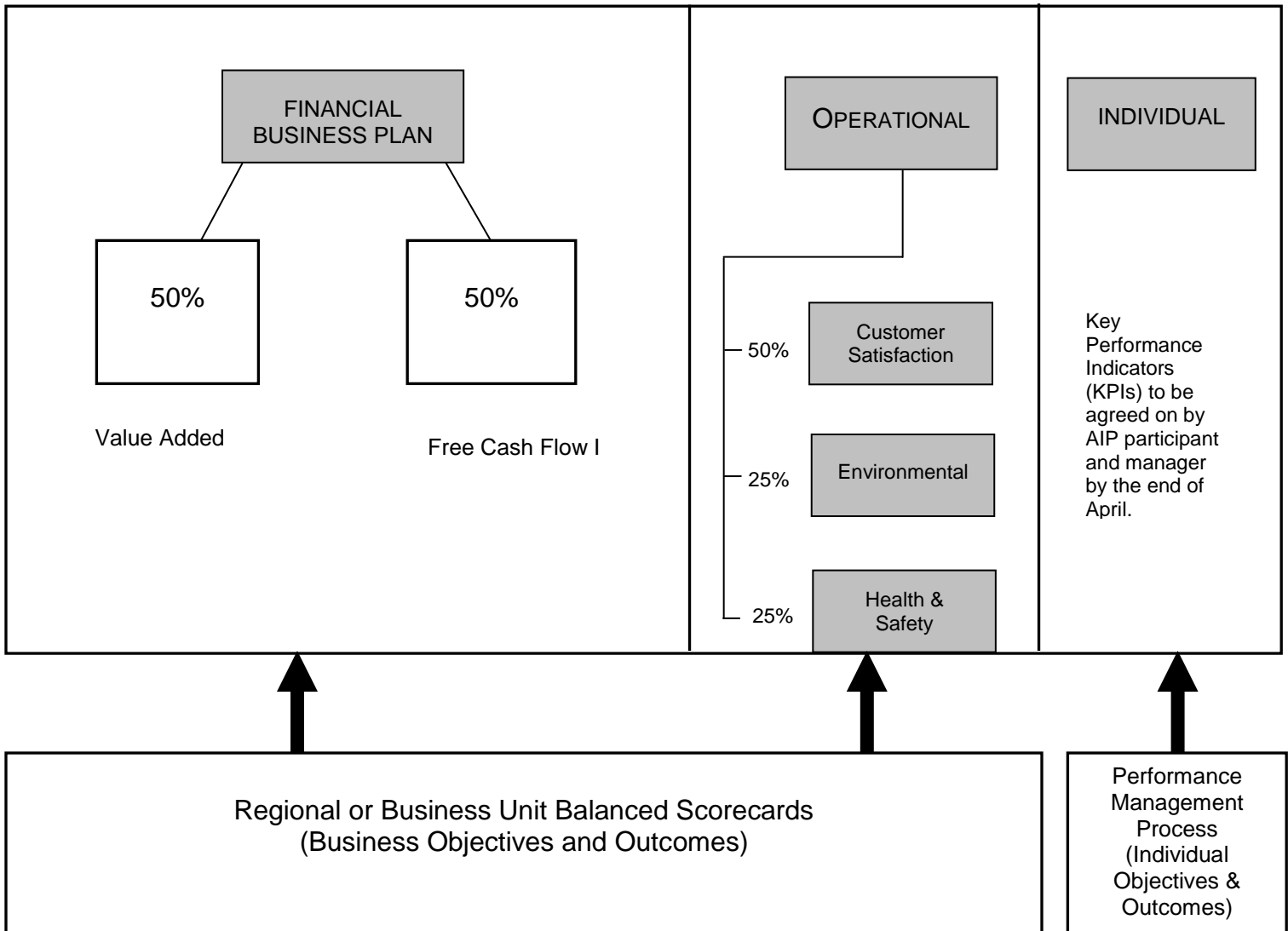
How the Weightings Come Together

Here is an **example** of how the three performance components and their weightings come together. As you can see, the measures within each component are also weighted.

The weightings within the financial component are always based on your business unit measures of Value Added and Free Cash Flow I, to determine the portion of the financial component award opportunity that is payable.

You will receive a graph for your business unit. Each will detail the percentage of your financial award opportunity payable at a given level of combined Value Added and Free Cash Flow I achievement, ranging from a minimum level of achievement that qualifies for an award up to the maximum level. The closer actual results come to target financial performance, the higher the award for the financial component.

EXAMPLE



Performance You Can Impact

We believe it's essential that participants be accountable for, measured on and rewarded for performance that they can directly impact or influence. That's why performance measures for the financial component are based on your local or "home" organization, i.e., the business unit where you work.

Similarly, the operational and individual measures and goals that apply to you will reflect your role. Your manager will review and discuss all applicable financial and operational measures and goals with you.

Individual Performance

The individual performance will be assessed using American Water's Performance Management and Development Review (PDR) process. This process has been revised to align with the new Balanced Scorecard. The first section of the PDR form contains a scorecard in which your individual Key Performance Indicators (KPIs) will be documented. KPIs are individual performance objectives. You will jointly identify and agree to your individual KPIs and relative weightings to be achieved during the year with your direct supervisor.

In overview, the PDR requires each individual to have 5 KPIs agreed at the beginning of 2004. The KPIs should be specific and measurable and linked to the Balanced Scorecard. Each KPI needs to be weighted (out of 100%) according to its importance relative to other KPIs. In this way excelling at your highest priority KPI, which has the heaviest weighting, will drive a bigger award. At least one of the KPIs should be linked to a personal development objective. At the beginning of 2005, a structured performance review will be conducted to determine how well individuals performed against their KPIs in 2004.

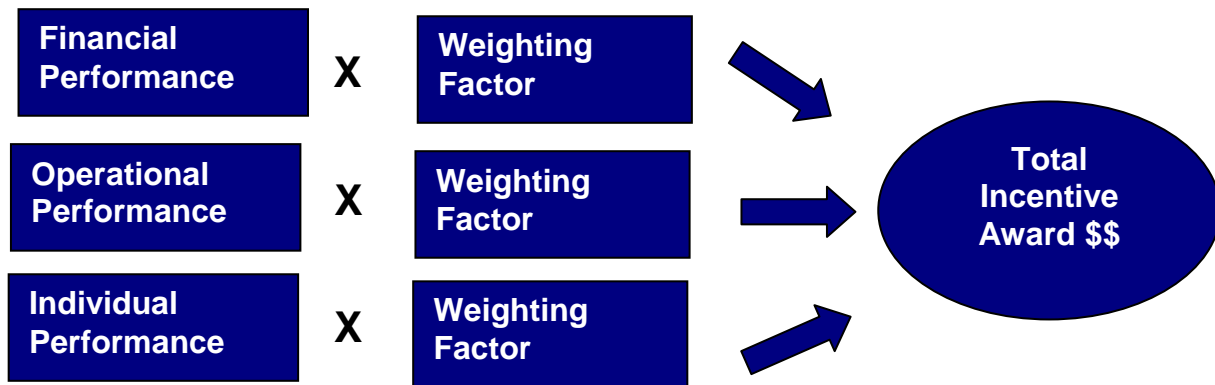
The percentage amounts paid for varying levels of achievement against each KPI should be as follows:

Performance Category	Percent Amounts
• Target not achieved	0 %
• Target partially achieved	25%
• Target largely achieved	75%
• Target fully achieved	100%
• Target exceeded	Up to 120%

Percentages other than these are possible. However, percentages must be expressed in 5% increments (so for example 50% would be a valid scoring, 51% would not). When targets are exceeded a percentage of up to 120% can be defined. This should be used only in cases of exceptional and outstanding performance against KPIs. If an individual received a "too soon to rate" on their PDR they would not be eligible for an AIP award.

How Your Payout Is Determined

At the end of the year, the amount for each component is based on performance against each goal within the component and its relative weighting. Here is a simplified way to think of it.



Target Bonuses

As part of American Water's alignment with RWE's incentive processes, the focus of the bonus communication in the future will be on "target bonus." Target bonus is defined as the bonus paid at 100% for both company and individual awards. This means business plan is achieved for the company and operational element, and the employee has met his/her objectives for the individual element.

It is theoretically possible in the design to generate a combination of company and individual performance that would allow greater bonuses than the agreed maximums. However, the Company will cap the awards at a maximum percentage. The following example will illustrate how the award is calculated.

EXAMPLE:

Regional Employee (other than a Regional Managing Director or their direct report) with an AIP target of 17.3% and 11.5% of their base pay. Example illustrates 100% achievement on each AIP performance component and how it totals each employee's AIP Target. Since it is possible to exceed 100% of each AIP component the company has established a maximum for plan participants. The "Maximum" column illustrates the maximum award for employee 1 and employee 2. ⁽¹⁾ Meet Business Plan + 100% of personal KPIs met. ⁽²⁾ Maximum is defined as exceeding Business Plan

	60% Financial Component		25% Operational Component	15% Individual Component		
	Value Added	Free Cash Flow I	Operational	Individual	AIP Target ⁽¹⁾	Maximum ⁽²⁾
Emp. 1	5.2%	5.2%	4.3%	2.6%	17.3%	22.5%
Emp. 2	3.5%	3.5%	2.9%	1.7%	11.5%	15.0%

⁽¹⁾ Meet Business Plan + 100% of personal KPIs met

⁽²⁾ Maximum is defined as exceeding Business Plan

Adjustments for uncontrollable events

The financial data included in the appendices has been prepared on the basis of the business plans agreed in 2003, using the assumptions set at that time. As in previous years, the actual results used for assessment will be amended to reflect the impact of events that are not considered to be within the control of local management. Any such amendments will require the explicit approval of the Water Division Finance Director, and where material the Board of RWE Thames Water plc, whose decision will be final. The following items are those most likely to be considered for amendment:

- The impact of movements in foreign exchange rates
- The impact of changes in intra-group recharges
- Disposal/acquisition of businesses not anticipated in the business plan, but subsequently mandated by the Board of Directors

Award Payments

To be eligible to receive an AIP award, you must be actively employed at the end of the plan year for which the award is earned. However, in case of disability, retirement, layoff or death during the plan year, a prorated award based on full months' participation in the plan may be payable. Note that no AIP awards are payable if termination is for cause.

If you become eligible to join the AIP during a plan year, any payout for that year will be prorated to reflect the number of full months you participated in the plan.

Awards are usually determined and paid in cash as soon as practical after RWE's release of financial results. Payments will be made by the end of the first quarter of the following year. Appropriate taxes will be withheld from awards.

The American Water Board reserves the right to determine whether incentives are payable to any individual or group of individuals. The Board may withhold all incentive payments in exceptional circumstances, such as failing to reach minimum financial goals. Individuals with poor performance will not be eligible to receive an incentive award.

Rewarding Achievement

Our AIP goals are challenging, but with your focus and contributions and effective teamwork, they can be achieved. Remember, your individual results do matter; our overall performance is the collective results of all AIP participants.

It's important that you clearly understand your goals, how we're performing against the goals, and how the AIP works so you know how you personally affect our performance. Be sure to talk to your manager or your local HR representative if you have questions.

This brochure describes the 2004 American Water Annual Incentive Plan. The Plan Administrator, whose decisions will be final and binding, will determine interpretations of the Plan. The Company reserves the right to amend, modify, or discontinue the Plan during the plan year or at any time in the future. Participation in the Plan does not convey any commitment to ongoing employment. If there are any differences between the information contained here and the Plan Document, the Plan Documents will govern.



AMERICAN WATER

2010 Annual Incentive Plan Highlights Brochure



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THE 2010 AMERICAN WATER ANNUAL INCENTIVE PLAN

Your Performance — Your Award

At American Water, your performance counts. We rely on our employees' knowledge and skills to help the Company achieve its business objectives.

The American Water 2010 Annual Incentive Plan (AIP) is designed to give eligible exempt employees an annual opportunity to earn a cash award that recognizes and rewards their contributions to the Company's success. We continue to make adjustments to the AIP design to reinforce the link between Company and individual performance and award payouts. This means that Company and individual performance are both taken into account to determine cash awards under the plan. Keeping up our momentum in 2010:

- We are continuing the funding approach that was used in 2009, which directly ties the amount of available cash for AIP payouts to Company performance against specific metrics. AIP funding for all eligible, exempt employees will depend on the Company's achieving its financial and non-financial goals.
- Your **individual performance continues to play a large role in determining the amount of your payout.** Employees who exceed their performance targets could receive higher payouts. Conversely, employees who under-perform and do not meet their performance targets could receive lower payouts or no payout at all. In short, *your* performance directly impacts the amount of *your* award.

The 2010 AIP is designed to challenge and motivate you to perform at your highest level, and promote the creation of value to the customer and shareholder. Read this brochure to learn about how the 2010 plan works and what it means for you.

The 2010 AIP	
Elements of the Program	
<ul style="list-style-type: none"> ■ AIP award pool funding is based on overall corporate performance against specific financial and non-financial goals (represented by the Corporate Multiplier), then allocated across organizational groups/functional areas — at senior management’s discretion — depending on organizational group/functional area results. <ul style="list-style-type: none"> ○ AIP funding for all eligible exempt employees depends on the Company achieving its financial as well as non-financial goals. ○ A pre-determined financial threshold for Company performance must be met in order for funding and any award to be provided under the AIP. ■ Individual award payouts will be based on individual performance against specific goals (represented by the Individual Performance Factor) and paid from available organizational group/functional area funding. ■ For 2010, the Individual Performance Factor range is 0%-150%. Individual payouts will be capped at 150% of AIP target award. 	<ul style="list-style-type: none"> ■ Award opportunity (Target Award) is expressed as a percentage of base salary. (See Attachment B). <ul style="list-style-type: none"> ○ Actual payout may be lower or higher than target depending on Company and individual performance against specific goals. ■ Individual performance is assessed by your manager and measured against your pre-determined performance goals. ■ Your AIP will be distributed as a cash award in March. <ul style="list-style-type: none"> ○ You must be actively employed with American Water on the date awards are made to receive your 2010 AIP payout. ○ If you are disabled, retire, or die, you or your beneficiary may be eligible to receive an award prorated to reflect your service during the plan year. ■ If actual Company performance differs from forecasted Company performance, the American Water Board or its Designee has the right to adjust the award determination(s) and/or award payouts(s) prior to final approval.

Eligibility

- You are eligible for an AIP award opportunity if you are a regular, full-time exempt employee of American Water.
 - Regular, full-time exempt employees who join American Water on or before September 30, 2010 are also eligible to participate in the AIP on a prorated basis.
 - Employees transferred from nonexempt to exempt status on or after September 30th are not eligible in the current plan year.

- You must be an active employee with American Water on the date the payout is made in order to receive the award. In certain circumstances, such as disability, retirement or death, an award may be made — prorated to reflect your service during the plan year.
- If you are promoted during the plan year to a position with a *higher* AIP target level, or if you are reclassified/transferred to a position with a *lower* AIP target level, your award payout will be based on your new target level as of December 13, 2010.
- If you transfer from exempt status to nonexempt status during the current plan year or your job was reclassified to nonexempt status, you are not eligible for a 2010 AIP award.
- If your performance rating is “Unacceptable” or “Too Soon to Rate,” you will not receive a payout.

Why Is the Plan Based on Individual Performance?

Since the value (as reflected in our share price and our return to shareholders) and success of our business depend on the achievement of annual Company and individual performance goals, American Water recognizes the need to differentiate and reward the performance of employees who enable us to reach these goals. The 2010 AIP is designed to ensure that award payouts are directly tied to measurable contributions — both Company and individual — to American Water’s success.

DETERMINING AIP AWARDS

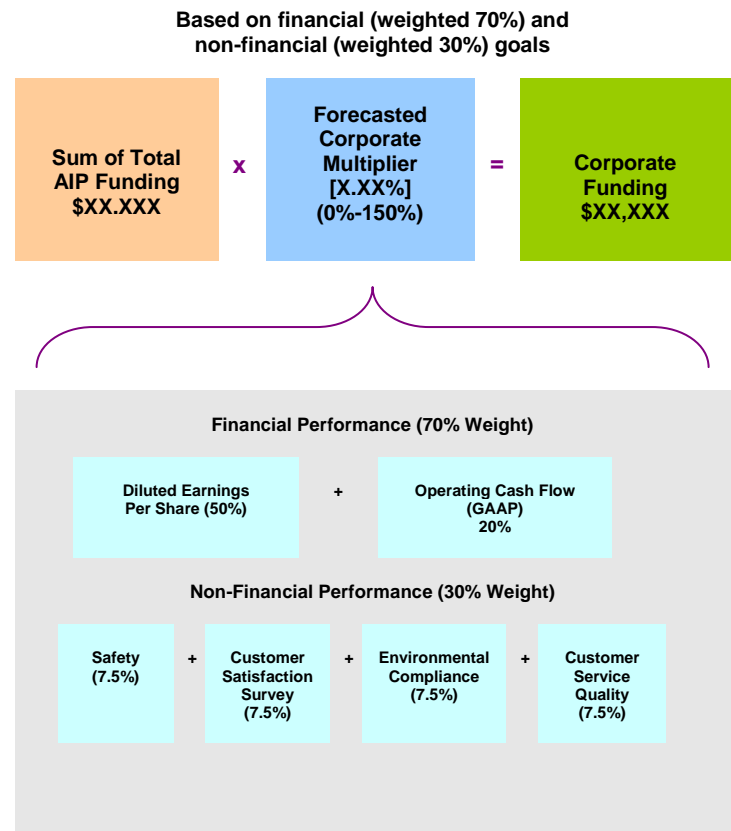
AIP award payouts depend on individual performance; they also depend on overall corporate performance and organizational group/functional area results (which determine award pool funding).

AIP awards will be determined according to the following three-step process:

Step 1:	Establish initial award pool based on overall corporate performance
Step 2:	Allocate overall corporate funding to organizational groups/functional areas, and adjust specific organizational group/functional area funding to reflect results
Step 3:	Determine AIP award based on individual performance; awards are paid from available organizational group/functional area funding

Step 1: Establish initial award pool based on overall corporate performance

Each year, American Water establishes funding for the AIP award pool. In 2010, the funding will be directly tied to Company performance and represented by the **Corporate Multiplier**. The Corporate Multiplier can range from 0% to 150% depending on how well the Company performed against the financial and non-financial goals described below. Note that a pre-determined **threshold** for Company performance - **2010 Diluted Earnings Per Share (EPS) must be at least 85% of target** - must be met in order for funding and any award to be provided under the AIP for Operating Cash Flow (20%) and Non-Financial Performance Factors (30%). 2010 Diluted Earnings Per Share (EPS) must be at least 90% of target for any EPS funding (50%) and award to be provided under the AIP.



- **Financial Metrics (Weighted 70%) (See Attachment A)**

- *Diluted Earnings Per Share (50%)* is a widely tracked measure of financial performance/profitability, and is calculated as follows:

$$\begin{array}{r}
 \text{Net Income to Common Stockholders} \\
 \div \\
 \text{Average Outstanding Shares (including dilutive securities such as} \\
 \text{stock options)} \\
 = \\
 \text{Diluted Earnings per Share}
 \end{array}$$

- *Operating Cash Flow (GAAP) (20%)* reflects the amount of cash generated from our operations and is used as an additional measure of profitability. Operating cash flow is calculated as follows:

$$\begin{array}{r}
 \text{Net Income} \\
 + \\
 \text{Depreciation and Amortization} \\
 - \\
 \text{Deferred Expenses} \\
 +/- \\
 \text{Changes in Payables and Receivables} \\
 = \\
 \text{Operating Cash Flow}
 \end{array}$$

- **Non-Financial Metrics (Weighted 30%)***

- Environmental Compliance Notices of Violation (NOVs) (7.5%)
 - Safety Performance (7.5%)
 - Customer Satisfaction Survey (7.5%)
 - Customer Service Quality Survey (7.5%)

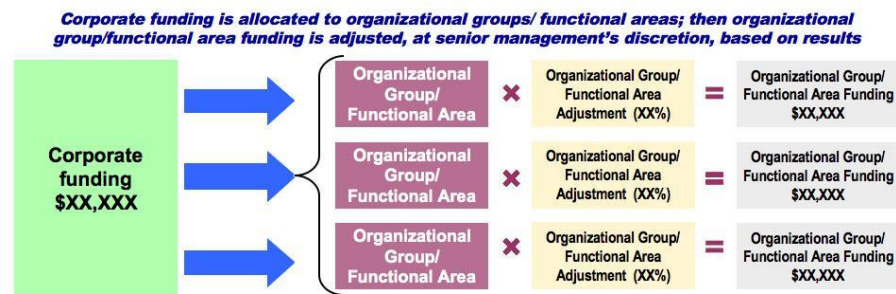
**These outcomes are based on a combination of surveys, end-of-year results, data and other annual reports (see Attachment A at the back of this brochure).*

Please note that AIP funding for all employees will depend on how well the Company achieves its financial goals as well as non-financial goals. A pre-determined financial threshold for Company performance must be met in order for funding and any award to be provided under the AIP.

The financial and non-financial metrics are added together to determine the Corporate Multiplier. So, even if certain metrics are not achieved, the funding may be reduced, but not eliminated altogether. However, if the Company's financial performance does not meet the threshold, the Corporate Multiplier will be reduced to zero, which would eliminate your award payout (as indicated in the examples on page 10). The Corporate Multiplier (and thus funding for payouts) may be adjusted to take into account "uncontrollable events" including — but not limited to — severe weather conditions that significantly impact financial results (i.e., hurricanes), impairment charges, dissolution or acquisition of businesses or costs related to public offerings.

Step 2: Allocate overall corporate funding to organizational groups/functional areas, and adjust specific organizational group/functional area funding to reflect results

Once the overall corporate funding is determined as described under Step 1, senior management will allocate the Corporate funding to American Water's organizational groups and functional areas. The funding for each organizational group/functional area may be increased or decreased, at senior management's discretion, to reflect specific organizational group/functional area results.



Step 3: Determine individual AIP award based on (a) individual performance, and (b) available organizational group/functional area funding; awards are paid from available organizational group/functional area award pool

Your **AIP target award** (i.e., your award opportunity) is based on your job with the Company and is expressed as a percentage of your base salary. Your actual award payout may be higher or lower than target depending on whether individual and Company performance goals have been met, and your organizational group's/functional area's results. Contact your manager for information on your individual AIP Target Award.

Your individual performance factor is based on (a) your performance against specific targets, and (b) the amount of organizational group/functional area funding available



The sum of individual awards for a specific organizational group/functional area must not exceed the funding allocated to that organizational group/functional area

The **Individual Performance Factor** represents how well you achieve your annual individual performance goals. Your Individual Performance Factor (IPF) can range from 0% to 150%, depending on your performance for the plan year and the amount of organizational group/functional area funding available. This performance factor will then be multiplied by your Target Award to determine your 2010 AIP award payout. Individual payouts will be capped at 150% of AIP target award.

Individual AIP awards are then paid from the available organizational group/functional area award funding, which may impact the original (IPF%) determination. The sum of all individual awards within a given organizational group/functional area must not exceed its allocated pool of dollars.

WHAT THE 2010 AIP MEANS FOR YOU

Performance Ratings

Most people are motivated to do their best; therefore the better you perform, the greater your potential award will be under the Plan. It is your responsibility to maximize your award opportunity by achieving or exceeding your goals.

Each year, you and your manager identify four to six high priority and challenging performance targets, which represent where you can directly impact the Company's success. These performance targets and their weightings should be specific, measurable and aligned with the Company's performance targets. During your year-end performance review, you and your manager will discuss how well you performed against the established targets, and rate your performance using one of the following performance ratings:

2010 Performance Rating Scale	
Rating	Description
Exceptional	Contributions are widely recognized as extraordinary. Results far exceed all defined expectations, producing important and substantial impact on the Company, Division, Operating Company, Line of Business or Function.
Significant	Contributions are widely recognized as distinguished. Results exceed all or most expectations, producing a tangible and material impact on the Company, Division, Operating Company, Line of Business or Function.
Commendable	Contributions are widely recognized as meaningful. Results meet, and in some cases exceed expectations, producing a positive and desirable impact on the Company, Division, Operating Company, Line of Business or Function.
Adequate	Contributions are widely recognized as limited. Results generally meet but in some cases fall slightly short of expectations, producing inconsistent and marginal impact on the Company, Division, Operating Company, Line of Business or Function.
Unacceptable	Contributions are widely recognized as unsatisfactory. Results fall considerably short of expectations, producing negligible or no impact on the Company, Division, Operating Company, Line of Business or Function.
Too Soon to Rate	Contributions cannot be measured at this time because more time is needed to see a result.

Later, during the AIP process, your manager will use your rating to determine your Individual Performance Factor. Depending on how you performed during the year, you could potentially earn a higher payout than in previous years — or you could earn a lower payout or no payout at all (as the examples on the following page demonstrate). In other words, the AIP design gives you more power to impact the size of your award. It also means that you are more accountable for meeting your goals.

Award Payout Examples

Let's calculate possible award payouts for a sample AIP participant, under four possible scenarios:

AIP Participant Assumptions				
Salary Level	L07			
Annual Base Salary	\$90,000			
Individual AIP Target	\$13,500 (15% of Base Salary)			
Total AIP Funding *	\$20,000,000			
Total AIP Funding for Organizational Group*	\$2,000,000			
* The total is the sum of the target awards for the eligible employees.				
	Performance			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
■ Company	Above Target	Target	Threshold	Below Threshold
— Financial Performance Factor	1.39	0.94	0.50	0.00
— Non-Financial Performance Factor	0.77	1.12	0.50	0.00
■ Individual	Adequate	Exceptional	Significant	Commendable
— Individual Performance Factor	0.25	1.50	1.05	.90

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
STEP 1: Establish corporate funding based on overall corporate performance				
Total of AIP Targets (A)	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Financial Performance Factor (i) (70% weight)	$1.39 \times 0.70 =$ 0.97	$0.94 \times 0.70 =$ 0.66	$0.50 \times 0.70 =$ 0.35	$0.00 \times 0.70 =$ 0.00
Non-Financial Performance Factor (ii) (30% weight)	$0.77 \times 0.30 =$ 0.23	$1.12 \times 0.30 =$ 0.34	$0.50 \times 0.30 =$ 0.15	$0.00 \times 0.30 =$ 0.00
i + ii = Corporate Multiplier (B)	1.20	1.00	0.50	0.00
A × B = Corporate Funding	$\$20,000,000 \times 1.20 =$ \$24,000,000	$\$20,000,000 \times 1.00 =$ \$20,000,000	$\$20,000,000 \times 0.50 =$ \$10,000,000	$\$20,000,000 \times 0.00 =$ \$0
STEP 2: Allocate overall corporate funding to organizational groups/functional areas; adjust specific organizational group/functional area funding to reflect results				
Organizational Group Pool (C) (Allocated from corporate funding)	\$2,400,000	\$2,000,000	\$1,000,000	\$0
Organizational Group Adjustment (D)	1.00 (Target)	.80 (Below Target)	1.20 (Above Target)	1.00 (Target)
C × D = Organizational Group Pool (adjusted based on results)	$\$2,400,000 \times 1.00 =$ \$2,400,000	$\$2,000,000 \times 0.80 =$ \$1,600,000	$\$1,000,000 \times 1.20 =$ \$1,200,000	$\$0 \times 1.00 =$ \$0
STEP 3: Determine individual award based on individual performance and available organizational group/functional area funding; awards are paid from available organizational group/functional area award pool				
Individual AIP Target (E)	\$13,500	\$13,500	\$13,500	\$13,500
Individual Performance Factor (F) (Range of 0 – 1.50)	0.25 (Adequate)	1.50 (Exceptional)	1.05 (Significant)	.90 (Commendable)
E × F = Individual Award	$13,500 \times 0.25 =$ \$3,375 (25% of AIP target)	$13,500 \times 1.50 =$ \$20,250 (150% of AIP target)	$13,500 \times 1.05 =$ \$14,175 (105% of AIP target)	$13,500 \times .90 =$ \$12,150 However, payout will be \$0, since award pool = \$0

As you can see, both Company and individual performance can significantly impact your final payout. Also, remember that the sum of individual awards for a specific organizational group/functional area must equal the funding allocated to that organizational group/functional area.

Note: If actual Company performance differs from forecasted Company performance, the American Water Board or its Designee has the right to adjust the award determination(s) and/or award payout(s) prior to final approval.

Please discuss the AIP with your manager to ensure you clearly understand how the formula works and how your performance impacts your potential award payout.

Receiving Your AIP Award

Awards will be paid in cash in March of the year following the year in which they are earned. If you're eligible for an award payout, please keep in mind that:

- The payout will be based on your annual base salary as of December 13, 2010 and subject to all federal, state and local income tax withholdings.
- The American Water Board, or its Designee, reserves the right to determine whether awards are payable to any individual or group of individuals; the Board may withhold all award payouts in certain circumstances.

Remember, it's your performance — and your award: The contributions you make to American Water's success throughout the year ultimately impact the size of your payout. Be sure to carefully review this brochure; then speak with your manager about the AIP and about what you can do to improve your performance and share the financial rewards of American Water's success.

FREQUENTLY ASKED QUESTIONS

Question	Answer
<p>How does the plan reward performance?</p>	<p>The AIP allows us to differentiate and reward the performance of employees who contribute to the achievement of the Company's goals. The 2010 AIP directly ties award payouts to measurable contributions (Company, organizational group/ functional area and individual) to American Water's success.</p>
<p>Who is eligible for the AIP?</p>	<p>All regular, full-time exempt employees are eligible to participate. If you join American Water on or before September 30, 2010, you are also eligible to participate in the plan on a prorated basis.</p>
<p>What do I have to do to receive an AIP award?</p>	<p>Any payout will depend largely on your performance, as well as on Company, organizational group/ functional area performance (including financial and non-financial), which determines funding.</p> <p>If your performance is rated "Adequate" or higher, you may receive an award payout — but only if threshold Company performance metrics have been met. If your performance rating is "Unacceptable" or "Too Soon to Rate," you will not receive a payout. To maximize your award opportunity, it's important to meet with your manager to establish meaningful performance goals, then work hard throughout the year to achieve those goals.</p> <p>If actual Company performance differs from forecasted Company performance, the American Water Board or its Designee has the right to adjust the award determination(s) and/or award payout(s) prior to final approval.</p>
<p>How is my AIP target award opportunity determined? How can I find out what it is?</p>	<p>Your AIP target award opportunity is based on your job and expressed as a percentage of your base salary. Please see your manager to learn more about your target award opportunity for 2010.</p>

Question	Answer
<p>How will my AIP award payout be calculated?</p>	<p>The size of the pool which funds your award is determined based on overall corporate performance and adjusted to reflect specific organizational group/functional area results. AIP funding for all eligible employees, will depend on the Company and/or organizational group/functional area achieving its non-financial as well as financial goals. Once individual awards are calculated, they are paid from the organizational group/functional area funding.</p> <p>If actual Company performance differs from forecasted Company performance, the American Water Board or its Designee has the right to adjust the award determination(s) and/or award payout(s) prior to final approval.</p>
<p>What is the minimum and maximum that could be paid under the plan (as a percent of target)?</p>	<p>AIP award payouts can range from zero, to a maximum of an Individual Performance Factor of 150%. Payouts are capped at 150% of AIP target award.</p>
<p>Will I receive an award payout if I meet my individual performance goals but the Company <i>does not</i> achieve minimum (threshold) performance?</p>	<p>No. A pre-determined financial threshold for Company performance must be met in order for funding and any award to be provided under the AIP.</p>
<p>What happens if I leave American Water before I receive my award payout?</p>	<p>To receive the award payout, you must be actively employed with American Water on the date the payment is to be made. If you are disabled, retire, or die during the plan year, you or your beneficiary may be eligible to receive an award, prorated to reflect your service during the year.</p>
<p>What happens if I change job positions within American Water during the plan year?</p>	<p>Your award payout will be based on your base salary and target level percentage as of December 13, 2010.</p>

This brochure is the 2010 American Water Annual Incentive Plan. The American Water Board or its Designee, whose decisions will be final and binding, will determine interpretations of the Plan. The Company reserves the right to amend, modify, or discontinue the Plan during the plan year or at any time in the future. Participation in the Plan does not convey any commitment to ongoing employment.

2010 AIP FINANCIAL PAYOUT CURVE

DILUTED EARNINGS PER SHARE (EPS)

<u>% Target Achieved</u>	<u>% Payout</u>
115%	150%
112%	140%
109%	130%
106%	120%
103%	110%
100%	100%
98%	90%
96%	80%
94%	70%
92%	60%
90%	50%
<90%	0%

OPERATING CASH FLOW

<u>% Target Achieved</u>	<u>% Payout</u>
115%	150%
112%	140%
109%	130%
106%	120%
103%	110%
100%	100%
97%	90%
94%	80%
91%	70%
88%	60%
85%	50%
<85%	0%

2010 AIP NON-FINANCIAL MEASURES

Environmental Compliance

For determining environmental compliance, AW will count Notices of Violation (NOV) for which the Company is responsible as described in the Environmental Non-Compliance Reporting Practice. For 2010 AW will continue to use the NOV target of 21.

NOVs	Award
11	150%
13	140%
15	130%
17	120%
19	110%
21	100%
23	90%
25	80%
27	70%
29	60%
30	50%
>30	0%

Safety Performance

Safety performance will be determined using the total OSHA Recordable Incident Rate (ORIR) for American Water. ORIR measures all injuries and illnesses requiring treatment beyond first aid for every 200,000 hours worked. For 2010 the target has been set at 4.5 which is 15% below the Bureau of Labor Statistics (BLS) Water Utility Average ORIR of 5.3.

ORIR	Award
3.5	150%
3.7	140%
3.9	130%
4.1	120%
4.3	110%
4.5	100%
4.7	90%
4.9	80%
5.1	70%
5.3	60%
5.5	50%
>5.5	0%

2010 AIP NON-FINANCIAL MEASURES

Service Quality

This metric is measured by the Service Quality Survey (SQS) which is conducted throughout the year for customers having had recent contact with an AW Customer Service Representative (CSR), Field Service Representative (FSR) or the web self service system. The score is based on survey question: "Overall, how satisfied were you with the outcome of your service contact?" taking the top two response categories (extremely satisfied or very satisfied) of a 5 point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied). The AW target for 2010 is 85%.

SQS %	Award
90	150%
89	140%
88	130%
87	120%
86	110%
85	100%
84	90%
83	80%
82	70%
81	60%
80	50%
< 80	0%

Customer Satisfaction

This metric measures overall customer satisfaction through an annual survey containing the following question, "Overall, how satisfied have you been with (Company Name) in general during the past twelve months", which has a five-point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied), response percentages in the top three categories are indicative of overall customer satisfaction levels and a 90% target has been set.

CSS%	Award
95	150%
94	140%
93	130%
92	120%
91	110%
90	100%
89	90%
88	80%
87	70%
86	60%
85	50%
<85	0%

2010 ANNUAL INCENTIVE PLAN TARGETS

EXEMPT POSITIONS	
Grade	AIP %
L5 – L6	20%
L7	15%
L8-L9	10%
L10 – L12	5%



AMERICAN WATER

American Water Works Company, Inc.

2010 Equity Award Brochure for Employees

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This guide provides an overview of your 2010 equity awards granted to you under the American Water Works Company, Inc. (American Water) 2007 Omnibus Equity Compensation Plan. The Equity Award — a key component of your American Water compensation package — promotes the achievement of the Company's long-term, strategic business objectives. Read this guide to learn about Equity Awards and how they reward you for contributing to American Water's financial success.

Equity Award Highlights

- Certain American Water employees are eligible for Equity Award grants. This brochure applies to ML1 to L05 employees.
- Each grant is a combination of 40% non-qualified stock options (stock options) and 40% performance stock units (PSUs) based on total shareholder return (TSR); 20% PSUs based on internal goals.
- Options vest 33.3% each on January 1, 2011, January 1, 2012 and January 1, 2013.
 - Once vested, you may purchase (or “exercise”) your options.
 - An option's value is the difference between (a) the exercise price, versus (b) the market price of American Water's stock at the time you exercise the option.
 - Options expire December 31, 2016.
- You earn a right to your PSU award in three installments (33.3% each installment) on January 1 of 2011, 2012 and 2013.
 - Awards are distributed in early 2013, based on company performance over the three-year performance period

AN OVERVIEW OF THE EQUITY AWARD

You have been granted a 2010 Equity Award in connection with American Water common stock. Your award is determined by the Compensation Committee of the American Water Board of Directors (“the Committee”) and based on management level.

The Amount of Your Award Grant

Your award grant amount is based on a percentage of your base salary, granted in the form of equity in the Company: 40% of the value in stock options, 40% of the value in PSUs based on TSRs, and 20% value in PSUs based on internal performance goals.

The following illustrates a possible award under the 2010 grant for an employee.

<i>Assumptions</i>	
	2010 Grant
■ Dollar Value	\$30,000
■ Option Value	\$4.00 per share
■ PSU Average Value	\$21.00 per share

2010 Award Grant	
■ Total Dollar Value	\$29,997
— Number of options (dollar value)	3,000 options (\$12,000)
— Number of PSUs (dollar value)	857 PSUs (\$17,997)

NOTE: All values shown are illustrative only.

An Award Based on American Water's Success

As a publicly-held company, American Water has a responsibility to its shareholders to drive long-term success and increase the value of American Water stock.

The Equity Award provides opportunities for rewards based on long-term performance, and allows you to share in our success. The 2010 award includes a performance-based stock component, which awards shares based on American Water's Total Shareholder Return (TSR) ranking among peer companies in the Dow Jones U.S. Utilities Index as well as performance stock units based on our company's internal metrics. This design aligns more closely with the market and helps keep American Water competitive with our peers in the utilities industry.

REMINDER: All employees and directors are subject to the Company's Insider Trading Policy. Before exercising any options you must review the Company's Insider Trading Policy. In addition, under the Insider Trading Policy, certain persons (Section 16 and Restricted Individuals) are subject to more extensive requirements, including the affirmative obligation to "pre-clear" any proposed purchase or sale of Company securities with the CFO, General Counsel, or inside SEC Counsel.

If you have any questions about the Insider Trading Policy and pre-clearance process, please call Securities Paralegal (856-346-8257) or SEC Counsel (856-309-4589).

ABOUT OPTIONS AND PERFORMANCE STOCK UNITS

The following sections describe how the options and PSUs granted to you vest and are distributed.

Stock Options

- **40% of Equity Award**
- **Exercise price is the closing price on the date of grant**
- **Options vest 33.3% each on January 1 of 2011, 2012 and 2013. Options are 100% vested as of January 1, 2013.**

A stock option is your right to purchase a share of American Water stock at the exercise price, once vested, for a set period of time.

A stock option gives you the right to purchase a share of American Water stock at an "exercise price" for a set period of time.

The number of options you are granted is based on the monetary value of your option award and the **Black-Scholes value** for an option on the date of the grant.

Vesting

Your options vest 33.3% each on January 1 of 2011, 2012 and 2013. You may purchase (or "exercise") your options, once they are vested, until their December 31, 2016 expiration date. You forfeit all rights to the options if you do not take action by the expiration date.

Grant Date	Percent Vested						
	Jan 1, 2011	Jan 1, 2012	Jan 1, 2013	Jan 1, 2014	Jan 1, 2015	Jan 1, 2016	Dec. 31, 2016
Feb/	33.3%	<i>Exercise Period</i>					Options Expire
March		33.3%	<i>Exercise Period</i>				
2010			33.3%	<i>Exercise Period</i>			

The Value of Your Options

The value of your options depends on American Water's stock performance in the future. This means they may or may not have value at the time they expire. The greater the increase in American Water's market price, the greater the value of your award.

The value you receive is the difference between (a) the exercise price, and (b) the market price of the stock at the time you exercise your options.

You will benefit if the market price of American Water's stock at exercise is *greater* than its exercise price on the date of the grant. However, if the market price at exercise is *lower* than the exercise price, you will not obtain any value from exercising the option.

Exercising Your Options

You may choose to exercise all or a portion of your vested stock options before the exercise period ends on December 31, 2016. When you are ready to exercise your options, contact E*TRADE at www.etrade.com or at 1-800-838-0908. (See "Managing Your 2010 Equity Award" on page 7 for more information.)

You may exercise your options using any of the following methods:

1. **Cash.** You can exercise your options and buy the shares with money from personal funds to cover the exercise price, taxes and transaction fees.
2. **Exercise and sell.** You can exercise your options by either (a) selling just enough stock to cover the exercise price, taxes and transaction fees; **or** (b) selling additional shares to cover the exercise price, taxes and fees *and* receive the net proceeds in cash.
3. **Stock swap.** You can instruct E*TRADE to use shares of American Water common stock you currently own to fund the exercise of your stock options, provided that it is approved by the Committee.

Example

Let's assume you are awarded 3,000 stock options

- The options vest in three installments: 33.3% each on January 1 of 2011, 2012 and 2013.
- You exercise the first vested installment on June 1, 2012 (market price = \$23 per share), the second vested installment on April 1, 2015 (market price = \$26 per share) and the third vested installment on July 1, 2016 (market price = \$30 per share).

Options Awarded in 2010	Number of Options Vested	Vesting Date	Exercise Date	Future Value When You Exercise your Options ¹	Amount You Pay to Exercise Options	Fees Charged ²	Your Pre-tax Gain at Exercise
3,000	1,000	Jan. 1, 2011	June 1, 2012	\$23,000 (1,000×\$23)	\$21,000 (1,000×\$21.00)	Determined by E*TRADE	\$2,000
	1,000	Jan. 1, 2012	Apr. 1, 2015	\$26,000 (1,000×\$26)	\$21,000 (1,000×\$21.00)	Determined by E*TRADE	\$5,000
	1,000	Jan. 1, 2013	July 1, 2016	\$30,000 (1,000×\$30)	\$21,000 (1,000×\$21.00)	Determined by E*TRADE	\$9,000

¹ You can exercise your vested options until December 31, 2016, subject to employment requirements as defined by the plan.

² Costs and fees associated with exercising your stock options will be determined by E*TRADE.

Performance Stock Units

- **40% of Equity Award – Total Shareholder Return**
- **20% of Equity Award – Internal Performance Goals**
- **You earn a right to your PSUs in three installments (33.3% each) on January 1 of 2011, 2012 and 2013. Awarded shares are determined based on Company performance and paid in early 2013**
- **Actual awards may range from 0% to 175% of target based on performance**

A Performance Stock Unit is an award that represents a “notional” share of American Water stock.

A PSU gives you the right to receive one share of American Water common stock without paying an exercise price. So, you benefit by receiving actual shares of American Water stock — after the end of the three-year performance period.

Unlike stock options, which are valued based on the *appreciation* of the stock after the grant date, PSUs represent the *total value* of the stock at the time you earn a right to receive it. This means that PSUs have value even if the stock price falls after the date you receive your award.

You earn a right to your PSUs in three installments (33.3% each) on January 1, 2011, January 1, 2012, and January 1, 2013. However, your shares are not awarded to you until after the three-year performance period ends on January 1, 2013. The number of shares that are actually awarded depends on Company performance against specific metrics (see “Measuring Company Performance” on page 5).

Grant Date	Percent of PSUs Earned			
	Jan 1, 2011	Jan 1, 2012	Jan 1, 2013	Early 2013 (before March 15)
Feb/ March 2010	33.3%	33.3%	33.3%	Company performance measured; PSUs distributed

During the performance period, you do not actually own the shares, which means you do not have voting rights and you cannot sell or transfer the units. If dividends are paid during the performance

period, those dividends will accrue in a “notional” personal account until the end of the performance period. You will then be paid in cash for any accrued dividends at the end of the performance period based on the number of PSUs earned.

After the end of the three-year performance period, you can hold or sell your shares — the choice is yours. Unlike options, the shares never expire so there is no time limit associated with them. If you choose to sell the shares, you will receive the current market price at the time of sale.

PSUs Based on Total Shareholder Return (TSR)

To determine the final payout for the PSUs based on Total Shareholder Return (TSR) at the end of the three-year performance period, the Company uses American Water’s rank relative to the other companies in the Dow Jones U.S. Utility Index.

The Company’s TSR performance is assessed using a percentile ranking approach, as follows:

American Water’s Rank on TSR Relative to the Dow Jones U.S. Utility Index	Payout Factor
35 th Percentile	35%
50 th Percentile	100%
90 th Percentile	175%

TSR is calculated as:

$$\frac{\begin{array}{l} \text{Change in share price over the three-year performance period} \\ \text{Plus} \\ \text{Dividends paid over the three-year period} \end{array}}{\text{American Water’s average share price at the beginning of the period}}$$

Example

Let’s assume you receive 571 PSUs (\$30,000 Dollar Value x 40% Award / \$21.00) on the grant date.

- The PSUs are earned in three installments: 33.3% each on January 1, of 2011, 2012 and 2013. They are 100% vested as of January 1, 2013.
- At the end of the three-year performance period, American Water’s TSR performance is ranked at the 50th percentile relative to the Dow Jones U.S. Utilities Index

Total PSUs Granted in 2010	Number of PSUs Vested	Date Earned	TSR Percentile Ranking Relative To Dow Jones U.S. Utilities Index At End of Three-Year Performance Period	Total Shares Awarded at end of Three-Year Performance Period
571	190	Jan. 1, 2011	50th percentile	571
	190	Jan. 1, 2012		
	191	Jan. 1, 2013		

If you decide to sell your awarded shares and the market price at the time of sale is \$30 per share, you would receive \$17,130 from the sale — minus taxes and applicable fees.

PSUs Based in Internal Performance Goals

20% - Based on Internal Performance Goals (See Grant Agreement)

- Compounded Earnings per Share (“EPS) Growth (25%)
- Operational Efficiency Improvement (50%)
- Increase In Population Served (25%)

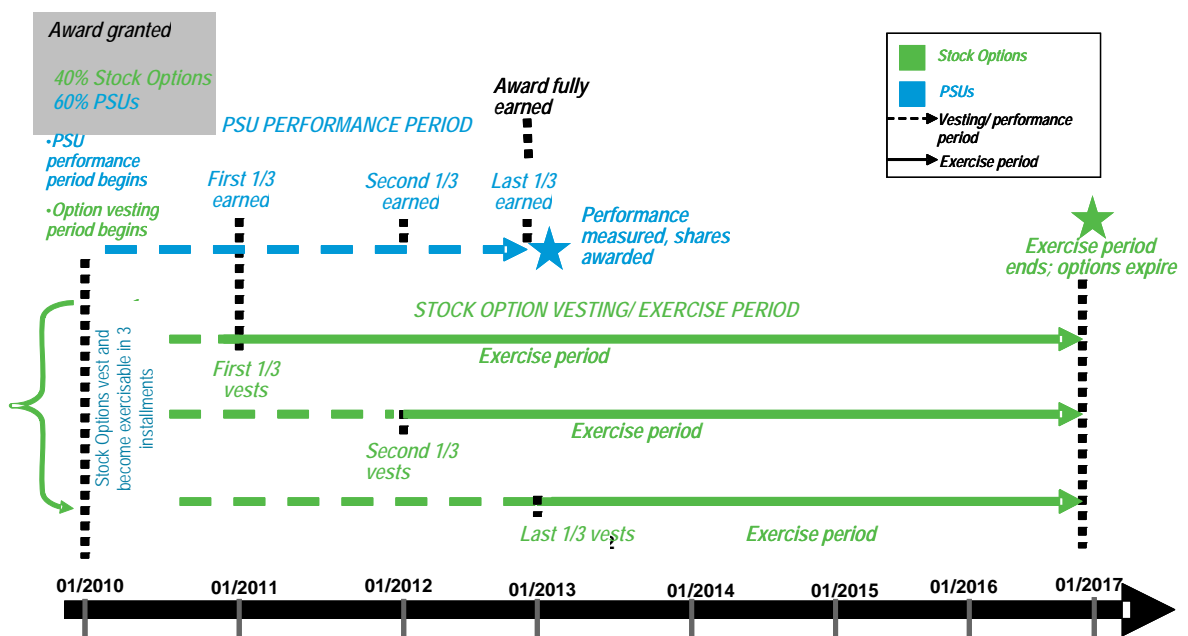
Deferring Your Awarded Shares

You may elect to defer receiving all of your awarded shares until after the scheduled distribution date, provided you make the election by December 31, 2011.

See your **PSU grant agreements** for details.

Timing and Distribution of Award

The following is a timeline of key events for the stock option and PSU components of your grant:



Driving Shareholder Value

You can make a difference. Think about the activities you perform on a day-to-day basis and consider how you can improve quality, delivery and service or reduce operational costs. Your contributions can help generate results that lead to significant rewards for you, and success for American Water.

As an American Water management employee and shareholder, you not only have the ability to influence our day-to-day performance, you also share in the long-term rewards of American Water's success if the value of your shares appreciates. Of course there is no guarantee that the value of the shares you own will appreciate. Depreciation in value is possible as well.

TAXATION OF EQUITY AWARDS

How Options are Taxed

Options are not taxed until you exercise them and/or sell the stock after an increase in value.

- **At exercise.** When you exercise your options (regardless of whether you sell the stock you receive), you will owe ordinary income tax on the difference between the market price on the date of grant and the market price of American Water's stock at the time you exercise. Your tax liability is reported to the Internal Revenue Service by American Water payroll. This means that in the example on page 4, you would owe taxes on \$2,000* for the 2012 tax year, \$5,000* for the 2015 tax year and \$9,000* for the 2016 tax year.

**Your pre-tax gain at exercise.*

- **At sale of the shares.** If you exercise your options, hold the stock for a period of time then later sell the stock at a higher price than what you paid for it, you will owe capital gains tax. This tax will be assessed on any *additional* appreciation on the market price of American Water's stock between the time of exercise and the time of sale. (Note that these taxes are not reported to the Internal Revenue Service by American Water, and that these taxes are in addition to the ordinary income taxes incurred at each option exercise.)

Consult your personal tax advisor to learn more about your tax situation.

How PSUs are Taxed

You will not be responsible for any taxes when the PSUs are granted. However, you will owe ordinary income tax, payable if earned based on performance, on the full value of the shares at the end of the three-year performance period (unless the PSUs are deferred). American Water will withhold a portion of your earned shares to cover the minimum required withholding for Federal (including FICA), state, local and other tax liabilities. See your PSU grant agreements for details.

If you hold the shares received, you will owe capital gains tax for any additional share price appreciation between the market price on the date the shares are received and the market price on the date of the sale.

Consult your personal tax advisor to learn more about your tax situation.

MANAGING YOUR 2010 EQUITY AWARD

E*TRADE is the record keeper for the American Water Equity Awards. When you receive an Equity Award grant, an Equity Award account is established on your behalf through E*TRADE. You can manage your account online through www.etrade.com, or by phone at 1-800-838-0908.

Activating Your E*TRADE Account

Employees who received a prior equity award will be able to access the 2010 award using your existing E*TRADE account. If this is your first year receiving an Equity Award, you will first need to activate your E*TRADE account in order to access it. You will receive a packet of materials from E*TRADE with instructions on how to activate your account. **If you do not activate your E*TRADE account, you will not be able to access or manage your Equity Awards.**

Once you've activated your account, go to www.etrade.com (or call E*TRADE at 1-800-838-0908) to track vesting, conduct transactions and model the long-term value of your awards.

TERMINATION PROVISIONS

If you leave American Water due to ...	Then...
Death or total disability	<ul style="list-style-type: none"> ■ With respect to stock options: Your unvested award becomes 100% vested. ■ With respect to PSUs: You or your beneficiaries as designated in your will are entitled to receive only the shares that you earned before the date of your death or disability. Those shares will be distributed at the end of the three-year performance period.
Voluntary or involuntary resignation, or termination for cause (including normal and/or early retirement)	<ul style="list-style-type: none"> ■ You forfeit your unvested options and unearned PSUs.
Change In Control (CIC)	
<ul style="list-style-type: none"> ■ Unvested options become 100% vested; and you earn the right to any previously unearned PSUs. 	

FOR MORE INFORMATION

If you still have questions about the American Water Equity Awards, contact:

Resource	Contact Information
Debbie Krauss-Kelleher	856-346-8295
Dan Shallow	856-346-8285
E*TRADE	1-800-838-0908 www.etrade.com

GENERAL QUESTIONS AND ANSWERS

Question	Answer
Who is eligible for Equity Awards?	Certain employees are eligible for Equity Award grants. This brochure applies to ML1-L05 employees.
How do I exercise my stock options?	Contact E*TRADE at www.etrade.com or 1-800-838-0908 for information on exercising your stock options.
When will I receive the shares earned under my PSU grant?	Although you earn your PSUs in three installments of 33.3% each on January 1 of 2011, 2012 and 2013, you will not receive any of your earned shares until the end of the three-year performance period (provided threshold performance levels for the performance period have been achieved).
Can I give my Equity Award to another person?	No. Your awards are granted to you and they cannot be transferred to another individual.
What does it mean to own a share of American Water stock?	Owning a share means you own a part of American Water. This means that you have voting rights and receive dividends along with other shareholders.

GLOSSARY OF TERMS

Term	Definition
Black-Scholes Valuation	An internationally-recognized mathematical valuation model used to value stock options, which incorporates various types of inputs (such as the stock volatility and interest rates). We use this formula to establish the value of option grants. The use of this model for this purpose is consistent with standard market practice.
Board	The Board of Directors of American Water Works Company.
Common Stock	Units of ownership of a corporation.
Equity	Awards that are linked to American Water's share price.
Exercise	The transaction in which you sell your vested options to buy shares of American Water common stock.
Exercise date	The date on which you buy actual shares of American Water common stock at the market price on the date of grant. Following exercise, you may decide to keep or sell the shares.
Exercise period	The period during which you may exercise your vested options under the grant. The exercise period for the 2010 grant ends December 31, 2016.
Exercise price	The fixed price for which an option holder may purchase a single share of American Water common stock after the options become vested.
Grant	The awarding of a specified number of options or Performance Stock Units.
Performance period	The three-year period from January 1, 2010 through December 31, 2012.
Performance Stock Unit	Performance Stock Units (PSUs) are "notional" shares of company stock. At the end of the three-year performance period, PSUs will convert to actual shares of American Water common stock based on Company performance. Their value will depend on the market value of the stock at that time.
PSU grant agreement	Your American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan Performance Stock Unit Grant agreements.
Market price	The price at which American Water shares trade on the stock market.
Stock option	Your right to purchase shares of American Water stock at the exercise price, on or after vesting, during the exercise period — provided you continue to be employed by American Water.
Stock option grant agreement	Your American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant agreement.
Total disability	You are considered to have a "total disability" as determined by the Social Security Administration.

Term	Definition
Total Shareholder Return (TSR)	<p>TSR equals:</p> <p style="text-align: center;">Change in share price over the three-year performance period; PLUS Dividends paid over the three-year period; DIVIDED BY The share price at the beginning of the period.*</p> <p><i>*American Water uses an average stock price at the beginning and end of the performance period to calculate TSR.</i></p>
Vesting	Becoming entitled to all or a portion of an Equity Award.
Vesting period <i>(Referred to as the "Service Date" in the grant agreements)</i>	<ul style="list-style-type: none"> ■ <i>With respect to stock options</i>, the period of time that must elapse before options can be used to buy shares of American Water common stock.* ■ <i>With respect to Performance Stock Units (PSUs)</i>, the period of time that must elapse before you have earned the right to the PSUs.* The PSUs will not be converted into shares and distributed until the end of the three-year performance period (if earned based on performance). <p><i>*Provided you continue to be employed by American Water.</i></p>

REMINDER: All employees and directors are subject to the Company's Insider Trading Policy. Before selling (or buying) any Company securities you must review the Company's Insider Trading Policy. In addition, under the Insider Trading Policy, certain persons (Section 16 and Restricted Individuals) are subject to more extensive requirements, including the affirmative obligation to "pre-clear" any proposed purchase or sale of Company securities with the CFO, General Counsel, or inside SEC Counsel.

If you have any questions about the Insider Trading Policy and pre-clearance process, please call Securities Paralegal (856-346-8257) or SEC Counsel (856-309-4589).

The discussion of certain federal income tax effects in this brochure is a summary only. Please refer to the Internal Revenue Code for a complete statement of all relevant federal tax provisions. We recommend that holders of American Water stock options and/or Performance Share Units consult their tax advisor.

The Company's policies, procedures and benefits, including (without limitation) those covered in this brochure, as well as wages and all other terms and conditions of employment, are subject to change, revision or deletion by the Company at any time. This may be done without consulting or obtaining agreement from anyone.

This brochure is intended to provide a summary of your American Water Equity Awards. All Equity Awards are subject to the terms and conditions of the American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan (the "Plan") and the Equity Award grant agreements under which they are issued. In the event of any conflict between the terms of your Equity Award grant agreements, the Plan and this brochure, the terms of the grant agreements and the Plan will govern.

(2) The current plans, while similar, are not the same as the 2004 plans. Please see the Company's response to Items 26 and 27 of this request for an explanation of why KAWC proposes to include the costs in the determination of rates in this proceeding.

(3) Please see attachment for a copy to the Company's 2004 plan brochure. The Company's 2016 plan brochures have not yet been released. Approximately 40 KAWC employees participated in the 2004 AIP. In 2016, APP eligibility has been extended to include non-exempt (non-union) employees.

In the 2004 rate case, KAWC based AIP awards upon the following performance criteria:

- financial (60 percent - Value Added and Free Cash Flow);
- operational (25 percent);
- and individual (15 percent).

The following are the Company's measures for 2016:

- financial (50 percent Diluted Earnings Per Share)
- operational (50 percent = Safety & People (15%) + Customer Satisfaction Survey (15%) + Environmental Leadership (10%) + Operational Efficiency Improvement (10%)).

A significant difference between the 2004 plan and the current plan is that the Company's current compensation plan targets total direct compensation (base, short-term variable compensation, and long-term variable compensation) at the median (50th percentile) of the market. The Company has submitted a report by Mr. Mustich that demonstrates its current target total direct compensation (base plus performance pay) is below the market median.

Under the current plans, the overall APP funding is based on achieving both operational and financial goals. Specifically, the overall APP funding allocated to KAWC and to the Service Company's organizational groups and functional areas is a function of meeting American Water's goals for financial performance (50% weight), and operational performance, including safety and people, customer satisfaction, environmental leadership, and technology and operational efficiency (50% weight). The maximum award pool would be available if the Company's goals are achieved for all of the overall performance metrics. If some, but less than all, of the performance goals are achieved, the funding is diminished accordingly. As indicated by the percent weighting shown above, factors other than financial performance account for 50% of the maximum pool award. No pool is created for less than the minimum financial threshold performance (90% of plan). The performance pay, if any, to individual employees is determined in the second step of the process – safety and people, customer satisfaction, technology and operational efficiency performance goals.

- b. (1) The forecasted incentive pay awarded under KAWC's 2015 Annual Incentive Plan is similar to KAWC's 2010 Annual Incentive Plan.

(2) The current plans, while similar, are not the same as the 2010 plans. Please see attachment for a copy to the Company's 2010 plan brochures. The Company's 2016 plan brochures have not yet been released. Please see the Company's response to Items 26 and 27 of this request for an explanation of why KAWC proposes to include the costs in the determination of rates in this proceeding.

(3) In the 2010 rate case, Kentucky-American based AIP awards upon the following performance criteria:

- financial (70 percent = Diluted Earnings Per Share (50%) + Operating Cash Flow 20%)
- operational (30 percent = Safety (7.5%) + Customer Satisfaction Survey (7.5%) + Environmental Compliance (7.5%) + Customer Service Quality (7.5%)).

The following are the Company's performance measures for 2016.

- financial (50 percent Diluted Earnings Per Share)
- operational (50 percent = Safety & People (15%) + Customer Satisfaction Survey (15%) + Environmental Leadership (10%) + Operational Efficiency Improvement (10%)).

The Company's current compensation plan targets total direct compensation (base, short-term variable compensation, and long-term variable compensation) at the median (50th percentile) of the market. The Company has submitted a report by Mr. Mustich that demonstrates its current target total direct compensation (base salary plus performance pay) is below the market median.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 25.** Refer to KAWC's Response to Staff's First Request, Item 18, 2015 Annual Incentive Plan; Attachment A, 2015 Financial Payout Curve; and Attachment B, 2015 AIP Non-Financial Performance Measures. Confirm that 55 percent of the KAWC's Variable Incentive Plans are weighted towards reaching American Water's financial goals and 45 percent is weighted towards non-financial criteria.

Response:

55 percent of the KAWC's 2015 Variable Incentive Plans was weighted towards reaching American Water's financial goals and 45 percent was weighted towards non-financial criteria.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 26.** Refer to KAWC's Response to Staff's First Request, Item 18, 2015 Annual Incentive Plan, page 13. Confirm that if American Water's financial goals are not met, KAWC's employees will not receive any incentive pay awards.

Response:

The overall AIP (for 2016 plan it is called the Annual Performance Plan) funding level is based on achieving both operational and financial goals. Specifically, the overall APP funding allocated to KAWC is a function of meeting goals for financial performance (50% weight), and operational performance, including safety and people, customer satisfaction, environmental leadership, and technology and operational efficiency (50% weight). The maximum award pool would be available if the Company's goals are achieved for all of the overall performance metrics. If some, but less than all, of the performance goals are achieved, the funding is diminished accordingly. As indicated by the percent weighting shown above, factors other than financial performance account for 50% of the pool award. All of the metrics operate on a sliding scale that includes a threshold (minimum) level of performance and a maximum level. No funding pool is created if the financial threshold (minimum) performance measure is not achieved.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Christine Karlsson/Kevin N. Rogers**

- 27.** Refer to KAWC's Response to Staff's First Request, Item 18.
- a. Provide further explanation of the Long Term Performance Plan.
 - b. Refer to page 7 of 25. Explain why KAWC is seeking recovery of its Annual Incentive Plan, given that 55 percent of the corporate multiplier is based on financial performance and that "there will be no funding of the AIP Pool if EPS is below 90% of target."
 - c. Refer to page 25 of 25. Confirm that "LTIP" refers to the Long Term Performance Plan.

Response:

- a. Long-term stock-based performance compensation plans are used by utilities and other companies to reduce the costs and the negative service impacts of excessive rates of attrition among key employees. Long-term stock-based compensation plans, such as American Water's LTPP, achieve that objective at lower cost to customers than simply increasing the base (cash) compensation of those employees.

LTPP vesting occurs in three equal installments over a prospective three-year period, hence the basis for their inclusion in a "long-term" performance plan. In addition to tying the value an eligible employee can realize to American Water's performance, stock and options produce a significant benefit by encouraging highly qualified employees to remain with the Company in order to realize the vesting of their awards. That, in fact, is a major benefit to customers and, through phased vesting of stock and options, that benefit can be delivered efficiently and at lower cost than simply increasing cash compensation. The benefit to employee retention created by stock and option grants is well-known and well-accepted in both the utility industry and broader industry groups. Employee attrition at the level of those employees who qualify for stock-based compensation is a significant issue and when it occurs it can, and frequently does, increase costs and negatively impacts a utility company's ability to efficiently and effectively deliver service to customers.

A material portion of the Company's LTPP compensation is tied to achieving internal performance goals, including operational efficiency improvements. Satisfying key financial objectives provides significant benefits to customers, not

just to shareholders of American Water. Satisfying key financial metrics will enable KAWC's financing affiliate, American Water Capital Corp., which obtains debt financing on behalf of KAWC and its utility affiliates, to continue to obtain access to capital at reasonable rates. Satisfying those financial metrics also produces internally generated funds as an additional low-cost source of capital. Strong financial performance can also reduce the amount of base rate increases.

- b. Please see the Company's response to Item 26 of these requests.

The Company's current compensation plan targets total direct compensation (base, short-term variable compensation, and long-term variable compensation) at the median (50th percentile) of the market. The overall reasonableness of our employee compensation can be established through a comparison to what the labor market is paying for similar positions. In this regard, the reasonableness of KAWC's overall test year compensation cost level for the Company's employees eligible for performance compensation is fully supported by a review and assessment conducted by Willis Towers Watson, as explained in the Direct Testimony of Mr. Robert Mustich. Willis Towers Watson is one of the world leaders in employment and compensation benchmarking and surveys.

Willis Towers Watson conducted a comprehensive assessment of benchmark jobs that represent approximately 66% of the population of KAWC's employees as of December 17, 2015, who are eligible for performance or at-risk compensation (Mustich direct testimony, p. 6). The study clearly demonstrates that KAWC's overall test year compensation cost level for employees eligible is between 11-16% below the market median (Mustich direct testimony, p. 7). In other words, even if the full level of performance compensation is recognized, KAWC's compensation expense is still below the market median. Moreover, KAWC's test year compensation cost level for employees eligible for performance compensation would be 26-31% below the market median if KAWC employees did not receive performance compensation (Mustich direct testimony, p. 8). The Willis Towers Watson study, therefore, demonstrates that KAWC's employees, who are eligible for performance compensation, are below or at the low end of the range of market median for each element of compensation and overall compensation, even when performance compensation is included (Mustich direct testimony, p. 8).

When determining the reasonableness of compensation, the primary focus should be the reasonableness of the Company's overall compensation. In view of the fact that, even when performance compensation is included, the compensation levels for many of KAWC's employees are below the mid-point of the compensation range for similar positions in the area, there is no evidence that the Company's employees are overpaid. It is the corporate philosophy of American Water that compensation is best set through a combination of base and performance pay. This philosophy has been informed by experts in the compensation field who advise American Water management on compensation philosophy. If the expense

is reasonably incurred and in line with what other industries are paying for a similar service, it is prudently incurred. It should, therefore, go without saying that, if the Company's overall compensation levels are reasonable and in line with or below the market, regardless of the combination of fixed and variable payments that the employees earn, then the Company's overall compensation expense must be reasonable. Given Mr. Mustich's testimony that KAWC's employee costs are lower than the market for such employees, irrespective of performance compensation, it should be clear that our employee costs are reasonable. Indeed, without our performance compensation, our costs would arguably be unreasonably below the applicable labor market and insufficient to retain our qualified workforce in the long run. Our performance compensation plan is not an addition to reasonable compensation; our performance compensation plan makes our compensation reasonable.

Given the capital intensive nature of water and wastewater operations, it is appropriate to consider the impact of financial performance on the availability of internally-generated funds and maintaining credit ratings at a level necessary to access capital at reasonable rates. The use of internal capital or low-cost debt mitigates the Company's financing costs for its substantial ongoing investment in new and replacement facilities. In addition, attention to cost controls is determinative to a considerable extent in achieving financial goals and the resulting positive impact on financial metrics can help the Company mitigate its requested rate increase. Consequently, when financial performance is achieved through efficiency, as is the case for KAWC, the interests of customers and shareholders are aligned.

To the extent that a financially healthy utility focused on efficiency and customer satisfaction is able to attract the capital investments necessary to provide safe and reliable service and to maintain the technological expertise necessary to operate the company and comply with increasing water quality standards. A financially healthy utility is very much in the interest of KAWC's customers, as it helps ensure KAWC the ability to provide safe and reliable service at the lowest reasonable cost.

There are tangible benefits delivered by tying some portion of our employees' compensation to achieving results, including financial performance. KAWC's forecasted O&M expense is virtually flat from the previous rate case despite an environment where costs seem to rise annually. In other words, the men and women who work for KAWC are "doing more with less," achieving significant productivity and efficiencies (Rowe direct testimony, p. 7). This improved O&M efficiency is the result of having a workforce that is incented to find smarter, more efficient ways to deliver water services. On the basis of inflation alone, our O&M expense should have been higher, all other things being equal. Instead, our forecasted O&M expense is virtually flat from the previous rate case. This is the very definition of productivity and efficiency gains. The tie between the two –

providing performance compensation to our employees to work harder and smarter and the resulting benefits to customers is self-evident.

The Company's performance compensation plans contain tangible goals that are designed to do several things. First, they measure and reward employees for performance based on delivering clean, safe, reliable and affordable water service and providing good customer service when doing so. The operational components measure performance that can most directly influence customer satisfaction, health and safety, environmental performance, and operational efficiency. Customers derive a direct benefit from our focus on these key measures in the plan. Further, well-grounded financial measures keep the organization focused on improved performance at all levels of the organization, particularly in increasing efficiency, decreasing waste, and boosting overall productivity.

By rewarding superior performance in every function, all of these aspects of overall performance provide direct and tangible benefits to our customers. KAWC's incentive compensation is not only a means of focusing its employees on the organization's goals, but also a means of measuring attainment of those goals.

- c. The program name changed in 2016 to Long Term Performance Plan to reflect focus on performance.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Robert V. Mustich / Kevin N. Rogers**

- 28.** Refer to KAWC's Response to Staff's First Request, Item 18.a. KAWC states, "Consequently, all of our performance plans are necessary to attract and retain employees." Provide all studies and analyses that quantify the impact that KAWC's and American Water Works Service Company's ("Service Company") incentive compensation programs have on the following:
- a. Attracting new employees; and
 - b. Employee retention.

Response:

- a – b. KAWC has not specifically performed an analysis to determine the impact of the incentive compensation programs on attracting new employees, however, refer to Mr. Mustich's testimony attached to the application. Clearly, without the incentive compensation programs, KAWC's compensation package is significantly below the overall market, which could lead to an increase in employee turnover and affect the ability to attract qualified new employees.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Donald J. Petry

29. Refer to the Direct Testimony of Donald Petry (“Petry Testimony”), page 4. Mr. Petry states that American Water has two variable compensation plans, the Annual Performance Plan (“APP”); and the Long-Term Performance Plan (“LTPP”). On page 6, Mr. Petry states that in KAWC’s forecasted salaries and wages, expenses is \$346,581 for the APP and \$14,535 for the LTPP.

- a. Identify by position each KAWC employee who is eligible to participate in the APP program. For each position listed, provide the APP budgeted for the forecasted period and the APP available to each employee, if different from the forecasted amount.
- b. Identify by position each KAWC employee who is eligible to participate in the LTPP program. For each position listed provide the LTPP budgeted for the forecasted period and the LTPP available to each employee, if different from the forecasted amount.
- c. Using the table below, provide the requested APP information for each KAWC employee for the calendar years 2011–2015.

Calendar Year				
Employee Name/Position	APP		Difference	
	Available	Awarded	Dollar	Percentage
(a)	(b)	(c)	(b)-(c)	((b)-(c) ÷ (b))

- d. Using the table below, provide the requested LTPP information for each KAWC employee for the calendar years 2011–2015.

Calendar Year				
Employee Name/Position	LTPP		Difference	
	Available	Awarded	Dollar	Percentage
(a)	(b)	(c)	(b)-(c)	((b)-(c) ÷ (b))

- e. For the previous five calendar years, provide a comparison of the APP pay that was budgeted to the actual amount paid in each year. Include detailed explanations for any variance between the budgeted and actual payments.

- f. For the previous five calendar years, provide a comparison of the LTPP pay that was budgeted to the actual amount paid in each year. Include detailed explanations for any variance between the budgeted and actual payments.

Response:

- a. Please see attached.
- b. Please see attached.
- c. Please see attached.
- d. Please see attached.
- e. Please see attached.
- f. Please see attached.

The attachment provided in response to a.-f. is confidential and subject to a petition for confidential protection.

Kentucky American Water Company
APP Budgeted & Available in the Forecast Period

Line	Cost Center	Cost Center Name	Job	APP	
				Budgeted for Forecast	Available
1	120105	CORP-Admin & Gen	[REDACTED]	9,449.00	9,449.00
2	120105	CORP-Admin & Gen	[REDACTED]	3,846.00	3,846.00
3	120105	CORP-Admin & Gen	[REDACTED]	7,074.00	7,074.00
4	120105	CORP-Admin & Gen	[REDACTED]	29,070.00	29,070.00
5	120114	CORP-Engineering	[REDACTED]	7,892.00	7,892.00
6	120114	CORP-Engineering	[REDACTED]	15,463.73	15,659.00
7	120121	CORP-Com Relations	[REDACTED]	16,857.00	16,857.00
8	120121	CORP-Com Relations	[REDACTED]	6,242.00	6,242.00
9	120201	CEN-Production	[REDACTED]	15,064.83	15,123.00
10	120201	CEN-Production	[REDACTED]	7,525.00	7,525.00
11	120203	CEN-Cust Service	[REDACTED]	7,804.00	7,804.00
12	120203	CEN-Cust Service	[REDACTED]	7,858.00	7,858.00
13	120206	CEN-Field Services	[REDACTED]	15,441.00	15,441.00
14	120206	CEN-Field Services	[REDACTED]	7,630.13	7,692.00
15	120206	CEN-Field Services	[REDACTED]	6,761.17	6,816.00
16	120206	CEN-Field Services	[REDACTED]	6,810.77	6,866.00
17	120214	CEN-Engineering	[REDACTED]	2,796.00	2,796.00
18	120217	CEN-Water Quality	[REDACTED]	3,449.80	3,461.00
19	120217	CEN-Water Quality	[REDACTED]	2,670.33	2,679.00
20	120217	CEN-Water Quality	[REDACTED]	8,862.07	8,919.00
21	120250	CEN-KY River St	[REDACTED]	8,301.00	8,301.00
22	120251	CEN-Richmond Road	[REDACTED]	6,866.00	6,866.00
23	123005	NOR-Admin & Gen	[REDACTED]	8,503.53	8,592.00
24	123006	NOR-Field Services	[REDACTED]	7,074.00	7,074.00
25	120105	CORP-Admin & Gen	[REDACTED]	3,371.13	3,548.56
26	120114	CORP-Engineering	[REDACTED]	-	2,544.23
27	120114	CORP-Engineering	[REDACTED]	-	2,851.16
28	120114	CORP-Engineering	[REDACTED]	-	3,734.39
29	120114	CORP-Engineering	[REDACTED]	-	3,229.09
30	120114	CORP-Engineering	[REDACTED]	-	3,119.47
31	120114	CORP-Engineering	[REDACTED]	-	2,741.54
32	120114	CORP-Engineering	[REDACTED]	-	2,899.19
33	120121	CORP-Com Relations	[REDACTED]	2,673.68	2,673.68
34	120201	CEN-Production	[REDACTED]	2,470.02	2,655.94
35	120201	CEN-Production	[REDACTED]	3,835.66	3,835.66
36	120201	CEN-Production	[REDACTED]	2,838.64	2,838.64
37	120201	CEN-Production	[REDACTED]	3,374.10	3,394.04
38	120201	CEN-Production	[REDACTED]	2,148.29	3,216.56
39	120201	CEN-Production	[REDACTED]	-	2,541.10
40	120203	CEN-Cust Service	[REDACTED]	2,471.86	2,522.30
41	120203	CEN-Cust Service	[REDACTED]	2,252.91	2,298.89

Kentucky American Water Company
APP Budgeted & Available in the Forecast Period

Line	Cost Center	Cost Center Name	Job	APP	
				Budgeted for Forecast	Available
42	120203	CEN-Cust Service	[REDACTED]	2,451.40	2,501.42
43	120203	CEN-Cust Service	[REDACTED]	1,997.13	2,037.89
44	120203	CEN-Cust Service	[REDACTED]	1,969.51	2,009.70
45	120206	CEN-Field Services	[REDACTED]	2,236.00	2,329.16
46	120206	CEN-Field Services	[REDACTED]	1,699.53	2,328.12
47	120206	CEN-Field Services	[REDACTED]	898.99	2,155.86
48	120206	CEN-Field Services	[REDACTED]	-	2,132.89
49	120206	CEN-Field Services	[REDACTED]	2,942.31	3,065.18
50	120206	CEN-Field Services	[REDACTED]	269.29	3,206.12
51	120206	CEN-Field Services	[REDACTED]	291.77	2,917.98
52	120206	CEN-Field Services	[REDACTED]	1,415.51	3,054.74
53	120217	CEN-Water Quality	[REDACTED]	3,134.00	3,199.86
54	120217	CEN-Water Quality	[REDACTED]	2,022.71	2,063.99
55	120252	CEN-Pool III WTP	[REDACTED]	2,957.86	3,286.51
56	120252	CEN-Pool III WTP	[REDACTED]	2,929.89	2,947.21
57	120252	CEN-Pool III WTP	[REDACTED]	2,420.99	2,908.58
58	120252	CEN-Pool III WTP	[REDACTED]	2,290.64	2,751.98
59	120252	CEN-Pool III WTP	[REDACTED]	2,420.99	2,908.58
60	120252	CEN-Pool III WTP	[REDACTED]	2,497.46	3,000.46
61	120252	CEN-Pool III WTP	[REDACTED]	2,502.67	3,006.72
62	120252	CEN-Pool III WTP	[REDACTED]	2,260.22	2,715.44
63	120252	CEN-Pool III WTP	[REDACTED]	2,313.23	2,779.13
64	123001	NOR-Production	[REDACTED]	2,663.52	2,922.16
65	123005	NOR-Admin & Gen	[REDACTED]	2,073.38	2,073.38
66	123005	NOR-Admin & Gen	[REDACTED]	2,003.44	2,003.44
67	123006	NOR-Field Services	[REDACTED]	1,980.70	2,533.79
68	123006	NOR-Field Services	[REDACTED]	2,373.32	2,473.24
69	123006	NOR-Field Services	[REDACTED]	1,840.45	2,357.35
70	123006	NOR-Field Services	[REDACTED]	2,265.79	2,363.62
Total				303,870.32	346,580.96

Kentucky American Water Company
LTPP Budgeted & Available in the Forecast Period

Line	Cost Center	Cost Center Name	Job	LTPP	
				Budgeted for	
				Forecast	Available
1	120105	CORP-Admin & Gen		14,535.00	14,535.00
	Total			14,535.00	14,535.00

Kentucky American Water Company
AIP Payouts

Employee #	Job Title	Cost Center	Cost Center Name	2011 Plan				2012 Plan				2013 Plan			
				Available	Awarded	Dollar	%	Available	Awarded	Dollar	%	Available	Awarded	Dollar	%
		120105	CORP-Admin & Gen	\$51,000	\$73,950	(\$22,950)	-45%	\$52,275	\$70,571	(\$18,296)	-35%	\$53,713	\$32,620	\$21,093	39%
		120105	CORP-Admin & Gen												
		120201	CEN-Production	23,400	23,400	0	0%								
		120121	CORP-Com Relations	14,161	21,242	(7,081)	-50%	15,011	23,267	(8,256)	-55%	15,461	9,586	5,875	38%
		120217	CEN-Water Quality	3,079	3,387	(308)	-10%	3,150	3,623	(473)	-15%	3,214	1,639	1,575	49%
		120206	CEN-Field Services	8,089	16,177	(8,089)	-100%	8,291	9,535	(1,244)	-15%	8,415	4,292	4,123	49%
		123005	NOR-Admin & Gen	8,851	5,141	3,710	42%								
		120203	CEN-Cust Service					7,636	9,163	(1,527)	-20%	7,808	4,372	3,435	44%
		120203	CEN-Cust Service	6,709	2,717	3,992	59%	6,879	10,318	(3,439)	-50%	7,085	4,464	2,621	37%
		120118	CORP-Human Res	14,977	13,098	1,879	13%								
		120206	CEN-Field Services	23,773	13,808	9,965	42%								
		120206	CEN-Field Services	8,538	12,807	(4,269)	-50%	8,623	12,935	(4,312)	-50%	8,817	6,172	2,645	30%
		120217	CEN-Water Quality												
		120250	CEN-KY River St	7,390	11,085	(3,695)	-50%	7,538	9,422	(1,884)	-25%	7,689	4,075	3,614	47%
		120206	CEN-Field Services	6,113	9,169	(3,056)	-50%	6,418	8,023	(1,605)	-25%	6,707	4,225	2,482	37%
		120217	CEN-Water Quality	7,476	14,204	(6,728)	-90%	8,000	9,600	(1,600)	-20%	8,180	5,235	2,945	36%
		120114	CORP-Engineering	7,569	6,812	757	10%	7,645	3,823	3,823	50%				
		120119	CORP-Risk Mgmt	7,511	9,764	(2,253)	-30%								
		120105	CORP-Admin & Gen	29,504	59,007	(29,504)	-100%	30,418	53,232	(22,814)	-75%	31,331	39,112	(7,781)	-25%
		123005	NOR-Admin & Gen	7,600	15,200	(7,600)	-100%	8,800	19,140	(10,340)	-117%	13,728	9,610	4,118	30%
		120114	CORP-Engineering	12,150	23,085	(10,935)	-90%								
		120119	CORP-Risk Mgmt	6,656	13,312	(6,656)	-100%	7,056	8,467	(1,411)	-20%				
		120122	CORP-Gov't Relations	23,877	23,877	0	0%								
		123005	NOR-Admin & Gen	6,592	10,547	(3,955)	-60%	6,757	8,108	(1,351)	-20%	6,943	4,790	2,152	31%
		120252	CEN-Pool III WTP	6,500	10,400	(3,900)	-60%	6,689	7,024	(334)	-5%	6,857	3,771	3,085	45%
		120206	CEN-Field Services	23,280	46,560	(23,280)	-100%	23,982	38,372	(14,389)	-60%	24,702	18,032	6,670	27%
		120105	CORP-Admin & Gen	14,832	21,506	(6,674)	-45%								
		120118	CORP-Human Res	5,535	4,423	1,112	20%								
		120203	CEN-Cust Service					3,000	4,200	(1,200)	-40%	6,396	4,157	2,239	35%
		120217	CEN-Water Quality					3,433	1,990	1,443	42%				
		120114	CORP-Engineering					2,834	4,349	(1,515)	-53%	7,006	4,904	2,102	30%
		120214	CEN-Engineering									2,500	1,252	1,248	50%
		123005	NOR-Admin & Gen									6,000	3,616	2,384	40%
		120114	CORP-Engineering									9,500	7,980	1,520	16%
		120217	CEN-Water Quality												
		120105	CORP-Admin & Gen												
		120105	CORP-Admin & Gen												
		120105	CORP-Admin & Gen												
		120121	CORP-Com Relations												
		120201	CEN-Production												
		120206	CEN-Field Services												
		120251	CEN-Richmond Road												
		123006	NOR-Field Services												
Total				\$335,161	\$464,678	(\$129,518)	-39%	\$224,436	\$315,161	(\$90,725)	-40%	\$242,050	\$173,906	\$68,145	28%

**Kentucky American Water Company
AIP Payouts**

Employee #	Job Title	Cost Center	Cost Center Name	2014 Plan				2015 Plan			
				Available	Awarded	Dollar	%	Available	Awarded	Dollar	%
		120105	CORP-Admin & Gen	\$55,055	\$58,358	(\$3,303)	-6%	\$0	\$0	\$0	0%
		120105	CORP-Admin & Gen	8,902	11,128	(2,225)	-25%	9,080	9,080	(0)	0%
		120201	CEN-Production								
		120121	CORP-Com Relations	15,886	15,886	0	0%	16,204	15,394	810	5%
		120217	CEN-Water Quality	3,262	3,262	(0)	0%	3,327	832	2,495	75%
		120206	CEN-Field Services	8,541	7,260	1,282	15%				
		123005	NOR-Admin & Gen								
		120203	CEN-Cust Service	7,964	6,371	1,592	20%				
		120203	CEN-Cust Service	7,346	6,611	735	10%	7,552	7,175	378	5%
		120118	CORP-Human Res								
		120206	CEN-Field Services								
		120206	CEN-Field Services	19,786	15,829	3,957	20%	14,840	17,066	(2,226)	-15%
		120217	CEN-Water Quality								
		120250	CEN-KY River St	7,823	7,823	0	0%	7,980	6,384	1,596	20%
		120206	CEN-Field Services	7,143	7,500	(357)	-5%	7,393	1,848	5,545	75%
		120217	CEN-Water Quality	8,405	8,405	0	0%				
		120114	CORP-Engineering								
		120119	CORP-Risk Mgmt								
		120105	CORP-Admin & Gen	32,193	32,193	(0)	0%				
		123005	NOR-Admin & Gen	14,140	16,968	(2,828)	-20%				
		120114	CORP-Engineering								
		120119	CORP-Risk Mgmt								
		120122	CORP-Gov't Relations								
		123005	NOR-Admin & Gen	7,904	9,485	(1,581)	-20%	8,260	9,499	(1,239)	-15%
		120252	CEN-Pool III WTP								
		120206	CEN-Field Services								
		120105	CORP-Admin & Gen								
		120118	CORP-Human Res								
		120203	CEN-Cust Service	7,500	7,118	382	5%	7,500	7,500	0	0%
		120217	CEN-Water Quality					7,035	13,367	(6,331)	-90%
		120114	CORP-Engineering	7,328	7,328	(0)	0%	7,584	7,205	379	5%
		120214	CEN-Engineering	2,583	2,583	(0)	0%	2,686	2,605	81	3%
		123005	NOR-Admin & Gen								
		120114	CORP-Engineering	14,642	14,642	(0)	0%	15,052	13,547	1,505	10%
		120217	CEN-Water Quality	2,083	2,130	(47)	-2%	2,575	2,575	0	0%
		120105	CORP-Admin & Gen					3,696	3,696	0	0%
		120105	CORP-Admin & Gen					6,800	8,160	(1,360)	-20%
		120105	CORP-Admin & Gen					27,940	27,940	(0)	0%
		120121	CORP-Com Relations					6,000	2,893	3,107	52%
		120201	CEN-Production					7,233	7,233	(0)	0%
		120206	CEN-Field Services					6,550	6,550	(0)	0%
		120251	CEN-Richmond Road					6,599	6,599	0	0%
		123006	NOR-Field Services					6,800	6,394	406	6%
Total				\$238,487	\$240,880	(\$2,392)	-1%	\$188,686	\$183,541	\$5,146	3%

**Kentucky American Water Company
Long Term Incentive Pay**

Employee #	Job Title	2011 Plan				2012 Plan				2013 Plan				2014 Plan				2015 Plan			
		LTIP	Difference	LTIP	Difference	LTIP	Difference	LTIP	Difference	LTIP	Difference	LTIP	Difference	LTIP	Difference	LTIP	Difference				
		Available	Awarded	Dollar	%	Available	Awarded	Dollar	%	Available	Awarded	Dollar	%	Available	Awarded	Dollar	%	Available	Awarded	Dollar	%
		\$21,824	\$21,824	\$0	0%	\$42,771	\$42,771	\$0	0%	\$57,329	\$57,329	\$0	0%	\$55,819	\$55,819	\$0	0%	\$55,509	\$55,509	\$0	0%
		10,323	10,323	0	0%	16,464	16,464	0	0%	16,612	16,612	0	0%	16,218	16,218	0	0%	5,596	5,596	0	0%
		8,778	8,778	0	0%	4,539	4,539	0	0%	1,091	1,091	0	0%			0	0%			0	0%
Total		\$40,925	\$40,925	\$0	0%	\$63,774	\$63,774	\$0	0%	\$75,032	\$75,032	\$0	0%	\$72,037	\$72,037	\$0	0%	\$61,105	\$61,105	\$0	0%

Kentucky American Water Company**Actual vs Budget**

		2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan
Actual	AIP	464,678	315,161	173,906	240,880	183,541
	LTIP	25,297	3,662	6,582	6,068	-
	Total Incentive	489,975	318,823	180,488	246,947	183,541
Budget	AIP	335,941	360,912	275,132	268,586	379,861
	LTIP	27,336	79,752	69,012	106,227	72,655
	Total Incentive	363,277	440,664	344,144	374,813	452,516
	Variance	126,698	(121,841)	(163,657)	(127,866)	(268,975)
	Variance	35%	-28%	-48%	-34%	-59%
	Explanation #	1	2	3	4	5

Note: (1): AIP for a calendar year is paid in March of the following year, for example the 2011 AIP was paid in March of 2012.

Explanations:

- 1 level of high performance on operating metrics including customer satisfaction, environmental protection and sustainability, and employee safety.
- 2 The 2012 AIP was lower due to a number of vacancies during the year.
- 3 The 2013 AIP was lower due to a number of vacancies during the year and the company did not meet or was below its
- 4 The 2014 AIP was lower due to a number of vacancies during the year.
- 5 The 2015 AIP was lower due to a number of vacancies during the year and the President is now a AWWSC employee.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Christine Karlsson

- 30.** In Case No. 2004-00103, the Commission disallowed for ratemaking purposes the costs associated with the LIP and AIP because of the lack of any study or analysis that quantified the program's benefits.¹ In this proceeding, KAWC lists benefits its customers receive from the employee variable compensation plans.²
- a. Provide a copy of all studies and analyses that KAWC has performed or commissioned that qualify the benefits the ratepayers derive from the APP or the LTPP.
 - b. If KAWC and/or the Service Company have not performed or commissioned such studies or analysis, explain why they have not done so.
 - c. If KAWC is unable to document the benefits of its variable employee compensation plans, explain why KAWC's ratepayers should bear the cost of these plans.

Response:

Please see the Company's response to Item 27, parts a and b, of this same request.

¹ Case No. 2004-00103, *Kentucky-American Water Company* (Ky. PSC Feb. 28, 2005), Final Order at 49.

² Direct Testimony of Kevin Rogers at 20.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Christine Karlsson/Robert Mustich**

- 31.** Provide all analyses and studies that quantify the benefits KAWC ratepayers receive from the variable employee compensation plans that are provided to the Service Company employees.

Response:

Please see the Company's response to Item 27 of these requests. KAWC has not performed a study or analysis as described, and this type of analysis or study is not feasible.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 32.** Refer to the Petry Testimony, page 16. Mr. Petry states that that the labor costs for the Service Company is \$5,114,776 in the forecasted period. Separately identify the amount of APP and LTPP that is included in the forecasted Service Company labor costs.

Response:

Mr. Petry's testimony, page 16 states "Labor and Labor Related Costs were \$5,114,776 in the base year and increased \$728,453 to \$5,843,229 in the forecasted test year." The APP and LTPP included in the forecasted period is \$537,596 and \$243,452, respectively.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION**

Witness: Donald J. Petry

33. a. Identify by position each Service Company employee who is eligible to participate in the APP program. For each position listed, provide the APP budgeted for the forecasted period and the amount allocated to KAWC.
- b. Identify by position each Service Company employee who is eligible to participate in the LTPP program. For each position listed, provide the LTPP budgeted for the forecasted period and the amount allocated to KAWC.
- c. Using the table below, provide the requested APP information for each Service Company employee for the calendar years 2011–2015.

Calendar Year					
Employee Name/Position (a)	APP		Difference		
	Available (b)	Awarded (c)	Dollar (b)-(c)	Percentage ((b)-(c) ÷ (b))	

- d. Using the table below, provide the requested LTPP information for each Service Company employee for the calendar years 2011–2015.

Calendar Year					
Employee Name/Position (a)	LTPP		Difference		
	Available (b)	Awarded (c)	Dollar (b)-(c)	Percentage ((b)-(c) ÷ (b))	

Response:

- a. The Service Company forecast of the APP program is not forecasted and allocated by position. The Service Company employees eligible to participate in the APP program are full-time, nonunion employees. The table below reflects the employee levels and applicable percentage for each level available to be awarded. Also, see the response to AG 1-110 for the total amount of APP pay forecasted by the Company which is \$537,596.

Salary Level	APP Target	Salary Level	APP Target
75	50%	L06	20%
70	40%	L07	15%
65	30%	L08	10%
62	30%	L09	10%
60	30%	L10	5%
55	20%	L11	5%
50	20%	L12	5%

- b. The Service Company allocation of the LTPP program is not allocated in the forecasted period specifically by position nor is eligibility determined by position. Instead, full-time, nonunion employees with a salary level 50 through 75 are eligible to participate (see table above). The individual award grant amount is based on a percentage of base salary, granted in the form of equity (stock options). Also, see the response to AG 1-110 for the total amount of LTPP forecasted by the Company which is 243,452.
- c. The Service Company APP program expense included in the forecasted test year reflects the accrued annual performance plan costs for the test year. This expense is accrued monthly for the eligible amount and then annually reconciled in the first quarter of the subsequent year for the actual expense awarded. The APP program expense is calculated monthly by employee, by department before processing the allocation to each of the respective affiliated companies using one work breakdown structure (WBS element) for each department. The WBS elements used for each department are based on how the department is charging its labor. The WBS elements used for each department are mainly allocated based on customer count, and a few are allocated through the overhead process. The calculation is made by taking each eligible participant's salary times each participant's available percentage divided by twelve. The monthly amount for the current eligible employees is aggregated to the department level and then charged to each affiliate. The annual accrual is reconciled for the actual APP payments and an adjustment is made in the first quarter of the subsequent year at the same time the current year's APP expense is being calculated. The 2015 reconciliation adjustment (the difference between the accrued expense and awarded expenses) processed in 2016 used a WBS element based on factors for plant, revenues, employees and customer count. The table below displays the comparable APP expense for the last five years total Service Company and the Company's percentage received. At this time and after a thorough effort, because of the manner in which the records are kept, the Company has been unable to produce a listing of the APP awards for 2011-2015 per Service Company employee that was allocated to the Company. Therefore, the Company has provided the totals below. The Company is continuing its effort and will supplement this response to the extent possible.

Annual Performance Plan*	2011	2012	2013	2014	2015
Total Service Company	8,335,064	11,324,912	9,834,059	9,718,016	10,838,043
KYAWC	295,225	421,381	383,568	370,134	418,785
KY %	3.54%	3.72%	3.90%	3.81%	3.86%

* prior to 2016 the plan was called Annual Incentive Plan

- d. The LTPP program expense is also calculated monthly by employee, by department before processing the allocation to each of the respective affiliated companies using one WBS element. The LTPP expense is calculated by taking the granted amount for the current month compared to the granted amount from the prior month and the change in value is booked to the expense account. The value change charged to the expense can be an increase or decrease depending on the stock price. The table below displays the comparable LTPP expense for the last five years total Service Company and the Company's percentage received. As in the response to part (c) above, the Company is continuing its effort to produce specific amounts per Service Company employee that were allocated to the Company from 2011-2015 and will supplement this response if possible.

Long Term Performance Plan*	2011	2012	2013	2014	2015
Total Service Company	4,291,940	5,540,122	4,737,541	5,687,105	5,646,697
KYAWC	180,537	188,347	161,152	198,678	205,365
KY %	4.21%	3.40%	3.40%	3.49%	3.64%

* prior to 2016 the plan was called Long Term Incentive Plan

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Donald J. Petry

- 34.** Refer to the Petry Testimony, page 6. Mr. Petry states, “[T]he target percent was multiplied by the pro forma base salary to determine gross APP of \$346,581 and LTPP of \$14,535.” Provide a detailed definition for the phrase “target percent” and show how it was calculated.

Response:

The target percent or target award opportunity is a percentage of base salary determined by the pay grade of the employee. Actual award opportunity may be lower or higher depending on company and individual performance against specific goals. Please refer to W/P 3-1, tab “Performance” provided with the Company’s response to Item 3 of the Commission Staff’s First Request for Information where the target percentages for each pay grade are provided.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Donald J. Petry

- 35.** Refer to the Petry Testimony, page 6. Mr. Petry states that each KAWC employee position's gross costs are multiplied by both a "water percentage" and an "O&M percentage."
- a. Provide the water percentage and the O&M percentage that was used in the forecasted period. Show how each percentage was calculated.
 - b. For the calendar years 2010–2015, list the water percentage and O&M percentage KAWC used in its budgets compared to the actual percentages.

Response:

- a. The water percentage that used in the forecasted period is 98.07%. The allocation was based on charges for the 12 months ending October 2013, 2014 and 2015. Please see the Workpaper 3, pages 421-422, which was provided in response to Item 3 of the Commission Staff's first request for information. This work paper is where the charges were averaged to provide a "Water %" for each job code in a cost center, based on the average percentage of water charges over the three year period.
The O&M percentage that was used in the forecasted period is 81.4%. The percentage is based on each position's budgeted percent of charges to O&M expense.
- b. Please see below.

	Actual Water Percentage	Budgeted Water Percentage		Actual O&M Percentage	Budgeted O&M Percentage
2010	98.75%	98.67%	2010	81.24%	79.81%
2011	99.07%	99.42%	2011	83.34%	81.78%
2012	98.82%	99.41%	2012	84.33%	84.61%
2013	98.96%	99.31%	2013	80.61%	85.07%
2014	98.30%	100.00%	2014	80.73%	82.30%
2015	97.88%	100.00%	2015	80.36%	81.49%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

- 36.** Refer to the Bridwell Testimony, page 14, Expense Adjustments. Ms. Bridwell states that KAWC adjusted its 2016 annual business plan for known changes that have occurred since that plan was developed in June 2015. KAWC then combines the adjusted 2016 business plan with the first eight months of the 2017 strategic plan to develop the forecasted test year.
- a. Provide copies of the work papers KAWC used to develop its 2016 operation and maintenance expenses in its annual business plan.
 - b. Identify the known changes that KAWC used to adjust its 2016 operation and maintenance expenses in its annual business plan. Also, provide copies of the work papers showing these known change adjustments.
 - c. Provide copies of the work papers KAWC used to develop its 2017 operation and maintenance expenses in its strategic plan.
 - d. Provide schedules showing how KAWC combined the adjusted operation and maintenance expenses in its 2016 annual business plan with the 2017 strategic plan.
 - e. Provide copies of the work papers and/or schedules requested in Item 36.a, 36.b, 36.c, and 36.d in Microsoft Excel format.
 - f. If the method(s) that KAWC used to budget the operation and maintenance expenses in its forecasted test year differ from the forecasting methods used in Case No. 2010-00036, describe in detail the differences in the forecasting methods KAWC used.

Response:

- a. To develop its 2016 operation and maintenance expenses in its annual business plan, each account manager (generally a supervisor) prepares a forecast. This information is provided to the Manager, Finance, who then inputs the number into Hyperion. During the annual business plan review process, edits to the final numbers may be made that are not detailed in the workpapers. However the workpapers used in the development of the operation and maintenance expenses have been included. Because of the voluminous nature of these files, the files are only being provided in excel format.

- b. The primary change in the adjustment of the 2016 operations and maintenance expenses is the reduction of system delivery, based on the weather normalization model as discussed in Ms. Bridwell's testimony. This resulted in a reduction in fuel and power expenses, and chemical expenses that are directly tied to the volume of treated water produced. Additionally, KAWC made adjustment to salaries and wages based on re-organizational efforts that occurred after the 2016 annual business plan was finalized. Please refer to KAW_R_PSCDR1_NUM036_attachment 17.
- c. There are no additional workpapers used to develop its 2017 operation and maintenance expenses in its strategic plan. Operation and maintenance expenses were held flat. Salaries and wages increases were made in Hyperion.
- d. Please refer to the file KAW_R_PSCDR1_NUM036_attachment 17. The 2016 and 2017 planned amounts of operations and expense items were downloaded from Hyperion and adjusted per the attachment. The adjusted monthly expenses were then utilized to create the base period and forecasted period operations and maintenance expenses that are included in each of the schedules presented in the case.
- e. Please see the attached Excel files.
- f. A review of the workpapers in both cases demonstrates that the methods KAWC used to budget the operation and maintenance expenses in its forecasted test year are essentially the same as the forecasting methods used in Case No. 2010-00036. One primary change was that in 2012, American Water converted to SAP from JDE accounting software, and in doing so revised some of the lines under the income statement. Some minor changes include the method for forecasting fuel & power expenses. In 2010-00036, the fuel & power expenses were based on an increase to the combined fuel & power expenses. In the 2016 annual business plan and in this case, the fuel & power forecast was generated from a per unit projection at each plant with power rates and known increases at each plant. The property tax forecasts were based on a projection of increases to property taxes rather than an historical average, as was the gross receipts tax forecast. Following the 2010-00036 case, KAWC attempted to prepare all of its rate case support schedules in a manner that would be easier to follow, however, the methods for the underlying forecasting is essentially the same. Files were developed in this case based on the file structures in 2012-00520, which were based on the file structures developed in 2010-00036.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

- 37.** Refer to KAWC's Response to Staff's First Request, Item 11. The ten-year average ratio of actual to budgeted capital construction ("slippage factors") for 2002–2012 is 117.7 percent for the Recurring Capital Expenditure Projects A-S, and 91.6 percent for the Investment Projects.¹
- a. Assuming all other factors are unchanged, recalculate KAWC's forecasted revenue requirement, rate base, capital structure and cost-of-service study to take into account both of the following changes:
 - (1) Use of a slippage factor of 122.14 for all monthly Recurring Capital Expenditure Projects A-S expenditures beginning December 2009 through the end of the forecasted period; and
 - (2) Use of a slippage factor of 82.25 for all monthly Investment Project expenditures, except "Project 06-07 New WTP Pool 3 of Kentucky," beginning December 2009 through the end of the forecasted period.
 - b. Provide all work papers, state assumptions, and show all calculations used to determine the effect of these slippage factors to each forecasted element of revenue requirement, rate base, and cost-of-service study.
 - c. Provide the work papers, calculations, and assumptions requested in Item 38.b in Microsoft Excel format.

Response:

The Company responds to this request as revised by the Commission Staff on March 22, 2016. Please see the attached for the costs of service study, as well as exhibits and support documentation. The exhibits and support may also be viewed in Excel format through the enclosed CD, as updated from the files from the response to Item 3 of the Commission Staff's first request for information and which is being provided so that links will stay intact.

Please see summary below.

¹ Investment Project "06-07 New WTP Pool 3 of Kentucky" is not included in the slippage factor calculation.

	<u>Original Filing</u>	<u>PSC Slippage</u>
Rate Base	\$403,866,142	\$405,703,718
Rate of Return	8.22%	8.22%
Return	33,197,797	33,348,846
Utility Operating Income	25,057,472	25,028,270
Deficiency Before Gross	8,140,325	8,320,575
Up		
Gross Up	1.652718	1.652718
Revenue Increase	<u>\$13,453,664</u>	<u>\$13,751,567</u>
AFUDC	\$665,027	\$669,301
Property Taxes	5,440,027	5,447,138
Depreciation & Cost of Removal	14,948,095	14,993,050
Income Tax	7,724,378	7,705,787

KENTUCKY AMERICAN WATER COMPANY

Lexington, Kentucky

COST OF SERVICE ALLOCATION STUDY

AS OF AUGUST 31, 2017

AND

PROPOSED CUSTOMER RATES

IN RESPONSE TO PSC DATA REQUEST

SET 2, NUMBER 37

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Harrisburg, Pennsylvania

KENTUCKY AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED AUGUST 31, 2017

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 56,080,755	56.5%	\$ 47,597,938	55.6%	\$ 55,922,389	56.5%	\$ 8,324,451	17.5%
Commercial	23,754,003	23.9%	21,253,039 (a)	24.8%	24,009,706 (a)	24.3%	2,756,667	13.0%
Industrial	3,432,314	3.5%	2,540,483	3.0%	3,097,546	3.1%	557,063	21.9%
Public Authority	6,975,183	7.0%	5,904,766	6.9%	6,951,883	7.0%	1,047,117	17.7%
Sales for Resale	1,898,535	1.9%	1,774,742	2.1%	1,886,689	1.9%	111,947	6.3%
Private Fire Service	2,427,649	2.5%	2,699,847	3.2%	2,780,586	2.8%	80,739	3.0%
Public Fire Service	4,694,449	4.7%	3,740,506	4.4%	4,315,968	4.4%	575,462	15.4%
Total Sales	99,262,889	100.0%	85,511,321	100.0%	98,964,767	100.0%	13,453,446	15.7%
Other Revenues	2,843,949		2,843,949		2,843,949		-	0.0%
Total	\$ 102,106,838		\$ 88,355,270		\$ 101,808,716		\$ 13,453,446	15.2%

(a) Includes Miscellaneous Water Sales.

KENTUCKY AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
-OPERATION-									
610.1	1	230,255	113,078	70,803	12,549	24,246	8,174	645	760
615.1	1	197,892	97,185	60,852	10,785	20,838	7,025	554	653
675.1	2	1,276	653	391	63	124	41	2	2
675.1	2	682	349	209	33	66	22	1	1
675.1	2	21,839	11,179	6,685	1,072	2,127	699	35	41
675.1	1	103,046	50,606	31,687	5,616	10,851	3,658	289	340
Total Operation		554,990	273,051	170,626	30,118	58,252	19,619	1,525	1,798
-MAINTENANCE-									
601.2	2	-	-	-	-	-	-	-	-
620.2	2	44,298	22,676	13,560	2,175	4,315	1,418	71	84
Total Maintenance		44,298	22,676	13,560	2,175	4,315	1,418	71	84
Total Source of Supply		599,288	295,727	184,186	32,293	62,567	21,036	1,596	1,882
POWER AND PUMPING EXPENSES									
615.1	1	629,805	309,297	193,665	34,324	66,318	22,358	1,763	2,078
Total Operation		629,805	309,297	193,665	34,324	66,318	22,358	1,763	2,078
-MAINTENANCE-									
601.2	6	0	0	0	0	0	0	0	0
Total Maintenance		0	0	0	0	0	0	0	0
Total Power and Pumping		629,805	309,297	193,665	34,324	66,318	22,358	1,763	2,078

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WATER TREATMENT									
-OPERATION-									
601.3	2	173,468	88,798	53,098	8,517	16,896	5,551	278	330
601.3	2	2,398,530	1,227,808	734,190	117,768	233,617	76,753	3,838	4,557
618.3	1	1,768,379	868,451	543,777	96,377	186,210	62,777	4,951	5,836
615.3	1	3,295,455	1,618,398	1,013,352	179,602	347,011	116,989	9,227	10,875
620.3	2	27,571	14,114	8,439	1,354	2,685	882	44	52
636.3	2	29,764	15,236	9,111	1,461	2,899	952	48	57
635.3	2	55,865	28,597	17,100	2,743	5,441	1,788	89	106
675.3	2	23,595	12,078	7,222	1,158	2,298	755	38	45
675.3	2	84,040	43,020	25,725	4,126	8,185	2,689	134	160
675.3	1	377,380	185,331	116,044	20,567	39,738	13,397	1,057	1,245
675.3	2	9,947	5,092	3,045	488	969	318	16	19
675.3	2	7,905	4,047	2,420	388	770	253	13	15
675.3	2	9,430	4,827	2,887	463	919	302	15	18
675.3	2	7,087	3,628	2,169	348	690	227	11	13
675.3	2	12,898	6,602	3,948	633	1,256	413	21	25
675.3	2	11,664	5,971	3,570	573	1,136	373	19	22
675.3	2	16,739	8,569	5,124	822	1,630	536	27	32
675.3	2	6,065	3,105	1,856	298	591	194	10	12
Total Operation		8,315,781	4,143,671	2,553,078	437,687	852,943	285,149	19,835	23,418
-MAINTENANCE-									
601.4	2	0	-	-	-	-	-	-	-
601.4	2	218,739	111,973	66,956	10,740	21,305	7,000	350	416
620.4	2	39,472	20,206	12,082	1,938	3,845	1,263	63	75
675.4	2	381,174	195,123	116,677	18,716	37,126	12,198	610	724
675.4	2	59,514	30,465	18,217	2,922	5,797	1,904	95	113
Total Maintenance		698,899	357,766	213,933	34,316	68,073	22,365	1,118	1,328
Total Water Treatment Expenses		9,014,680	4,501,438	2,767,011	472,003	921,015	307,514	20,953	24,746

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	(2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)		Fire Protection (10)	
								Private (9)	Public (10)		
TRANSMISSION AND DISTRIBUTION EXPENSES											
-OPERATION-											
601.5		11	69,929	55,915	9,930	483	1,937	182	1,098		385
601.5		11	481,389	384,919	68,357	3,322	13,334	1,252	7,558		2,648
615.5		11	(111,564)	(89,207)	(15,842)	(770)	(3,090)	(290)	(1,752)		(614)
601.5		7	79,890	37,500	22,649	3,228	6,183	471	4,554		5,305
601.5		9	880,395	730,287	113,747	3,434	20,425	2,025	10,477		-
601.5		10	0	-	-	-	-	-	-		-
620.5		11	29,467	23,562	4,184	203	816	77	463		162
636.5		11	93,439	74,714	13,268	645	2,588	243	1,467		514
650.5		11	124	99	18	1	3	0	2		1
675.5		11	16,348	13,072	2,321	113	453	43	257		90
675.5		11	25,109	20,077	3,565	173	696	65	394		138
675.5		11	36,906	29,510	5,241	255	1,022	96	579		203
675.5		11	(5,075)	(4,058)	(721)	(35)	(141)	(13)	(80)		(28)
675.5		11	13,296	10,632	1,888	92	368	35	209		73
675.5		11	6,355	5,082	902	44	176	17	100		35
641.5		11	5,321	4,255	756	37	147	14	84		29
Total Operation			1,621,328	1,296,358	230,264	11,222	44,920	4,215	25,409		8,940
-MAINTENANCE-											
601.6		12	633,088	382,828	101,484	9,496	22,411	1,646	25,197		90,025
601.6		12	0	-	-	-	-	-	-		-
601.6		5	0	-	-	-	-	-	-		-
601.6		7	103,644	48,651	29,383	4,187	8,022	611	5,908		6,882
601.6		10	276,304	228,006	30,808	304	3,702	166	13,318		-
601.6		9	113,029	93,757	14,603	441	2,622	260	1,345		-
601.6		8	86,767	-	-	-	-	-	-		86,767
620.6		12	340,384	205,831	54,564	5,106	12,050	885	13,547		48,403
675.6		12	162,394	98,199	26,032	2,436	5,749	422	6,463		23,092
675.6		12	163,966	99,150	26,284	2,459	5,804	426	6,526		23,316
675.6		7	147,412	69,195	41,791	5,955	11,410	870	8,402		9,788
Total Maintenance			2,026,987	1,225,617	324,949	30,385	71,771	5,287	80,706		288,273
Total Transmission and Distribution			3,648,315	2,521,976	555,213	41,607	116,690	9,502	106,115		297,213

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection	
								Private (9)	Public (10)
675.8 Shipping, Postage and Printing	15	12,435	8,509	2,299	287	624	162	200	353
675.8 Low Income Pay Program	DA	48,444	48,444	-	-	-	-	-	-
675.8 Miscellaneous General Expense	15	528,704	361,792	97,757	12,213	26,541	6,873	8,512	15,015
675.8 Community Relations	16	124,513	80,933	25,687	3,237	7,047	1,905	1,768	3,935
675.8 Injuries and Damages	16	189	123	39	5	11	3	3	6
675.8 Employee Related Expense	16	271,173	176,262	55,943	7,050	15,348	4,149	3,851	8,569
675.8 Software Licenses	15	84,246	57,649	15,577	1,946	4,229	1,095	1,356	2,393
675.8 Office Supplies	15	29,504	20,190	5,455	682	1,481	384	475	838
675.8 Trash Removal AG	15	16,378	11,207	3,028	378	822	213	264	465
675.8 Misc Maint AG	15	891,779	610,245	164,890	20,600	44,767	11,593	14,358	25,327
Total Administrative and General Expenses		17,370,366	12,108,421	3,106,529	375,919	824,385	214,575	283,043	457,494
Total Operation and Maintenance Expenses		34,384,244	22,549,692	7,015,124	964,588	2,021,359	575,451	474,007	784,023

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection	
								Private (9)	Public (10)
503 DEPRECIATION EXPENSE									
Other P/E Intangibles	17	82,751	42,236	21,614	3,219	6,430	1,696	2,499	5,056
Land and Land Rights	2	0	-	-	-	-	-	-	-
Source of Supply Struct & Improv	2	477,961	244,668	146,304	23,468	46,553	15,295	765	908
Collecting & Impounding Reservoirs	1	13,457	6,609	4,138	733	1,417	478	38	44
Lake, River and Other Intakes	2	41,139	21,059	12,593	2,020	4,007	1,316	66	78
SOS and Pumping Equipment	2	(505)	(258)	(155)	(25)	(49)	(16)	(1)	(1)
Wells and Springs	2	0	-	-	-	-	-	-	-
Supply Mains	2	284,139	145,451	86,975	13,951	27,675	9,092	455	540
Pumping Structures & Improvements	6	250,066	121,932	73,144	11,303	22,231	5,676	7,302	8,477
Power Generation Equipment	6	99,788	48,656	29,188	4,510	8,871	2,265	2,914	3,383
Other Power Production Equipment	6	393,310	191,778	115,043	17,778	34,965	8,928	11,485	13,333
Electric Pumping Equipment	6	478,436	233,286	139,943	21,625	42,533	10,861	13,970	16,219
Diesel Pumping Equipment	6	13,979	6,816	4,089	632	1,243	317	408	474
Hydraulic Pumping Equipment	6	315	154	92	14	28	7	9	11
Other Pumping Equipment	6	0	-	-	-	-	-	-	-
Water Treat Structures & Improv	2	1,151,130	589,263	352,361	56,520	112,120	36,836	1,842	2,187
Water Treat Equipment	2	1,274,375	652,353	390,086	62,572	124,124	40,780	2,039	2,421
Water Treat Filter Media	2	19,672	10,070	6,022	966	1,916	630	31	37
T & D Structures & Improvements	7	13,023	6,113	3,692	526	1,008	77	742	865
T & D Pumping Equipment	7	2,697	1,266	765	109	209	16	154	179
Distrib. Reservoirs & Standpipes	5	380,093	157,587	95,441	13,189	24,896	7,640	37,591	43,749
Transmission & Distribution Mains									
Not Classified	4	74,009	34,725	21,026	2,909	5,499	-	4,552	5,299
4 inch or less	4	129,824	60,913	36,883	5,102	9,646	-	7,984	9,295
6 inch to 8 inch	4	1,006,207	472,112	285,863	39,544	74,761	-	61,882	72,044
10 inch to 16 inch	3	930,962	437,459	261,507	41,986	83,135	27,277	36,773	42,824
18 inch or Greater	3	1,549,025	727,887	435,121	69,861	138,328	45,386	61,186	71,255
Services	10	1,284,739	1,060,166	143,248	1,413	17,215	771	61,924	-
Meters	9	533,294	442,368	68,902	2,080	12,372	1,227	6,346	-
Meter Installations	9	723,730	600,334	93,506	2,823	16,791	1,665	8,612	-
Hydrants	8	362,980	-	-	-	-	-	-	362,980
General Structures & Improvements	15	159,806	109,355	29,548	3,692	8,022	2,077	2,573	4,538
Office Structures	15	176,787	120,975	32,688	4,084	8,875	2,298	2,846	5,021
Stores Shop and Gar. Structures	15	31,089	21,274	5,748	718	1,561	404	501	883
Miscellaneous Structures & Improv	15	83,125	56,882	15,370	1,920	4,173	1,081	1,338	2,361
Office Furniture and Equipment	15	45,956	31,448	8,497	1,062	2,307	597	740	1,305
Computers & Peripheral Equipment	15	370,914	253,816	68,582	8,568	18,620	4,822	5,972	10,534
Personal Comp and Periph	15	(35,922)	(24,581)	(6,642)	(830)	(1,803)	(467)	(578)	(1,020)
Computers and Periph Other	15	(4,788)	(3,276)	(885)	(111)	(240)	(62)	(77)	(136)
Computer Mainframe Software	15	300,600	205,701	55,581	6,944	15,090	3,908	4,840	8,537
Computer Mainframe Software BT	15	1,170,572	801,022	216,439	27,040	58,763	15,217	18,846	33,244

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Private	Fire Protection	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(10)
Computer Software - Special - CIS	13	0	-	-	-	-	-	-	-	-
Computer Software - Special - Other	15	0	-	-	-	-	-	-	-	-
Other Software	15	(829)	(567)	(153)	(19)	(42)	(11)	(13)	(24)	
Other Office Equipment	15	381	261	70	9	19	5	6	11	
Transportation Equip-Light Trucks	15	164,262	112,405	30,372	3,794	8,246	2,135	2,645	4,665	
Transportation Equip-Heavy Trucks	15	207,807	142,202	38,424	4,800	10,432	2,701	3,346	5,902	
Transportation Equip-Cars	15	37,787	25,857	6,987	873	1,897	491	608	1,073	
Transportation Equip-Other	15	90,576	61,981	16,748	2,092	4,547	1,177	1,458	2,572	
Stores Equipment	15	2,592	1,773	479	60	130	34	42	74	
Tools, Shop & Garage Equipment	15	136,399	93,338	25,220	3,151	6,847	1,773	2,196	3,874	
Laboratory Equipment	2	82,695	42,332	25,313	4,060	8,055	2,646	132	157	
Power Operated Equipment	15	37,291	25,518	6,895	861	1,872	485	600	1,059	
Communication Equipment - Non-Telephone	15	16,650	11,394	3,079	385	836	216	268	473	
Remote Control and Instrument	15	251,301	171,965	46,466	5,805	12,615	3,267	4,046	7,137	
Communication Equipment - Telephone	15	5,871	4,018	1,086	136	295	76	95	167	
Miscellaneous Equipment	15	84,631	57,913	15,648	1,955	4,248	1,100	1,363	2,404	
Other Tangible Property	15	6,902	4,723	1,276	159	346	90	111	196	
Total Depreciation Expense		14,993,051	8,642,732	3,470,226	480,038	993,635	264,283	385,471	756,666	

AMORTIZATION EXPENSE

AFUDC	18	170,039	86,754	44,261	6,581	13,127	3,486	5,356	10,474	
Acquisition Adjustment	18	0	-	-	-	-	-	-	-	
Property Losses	2	57,088	29,223	17,475	2,803	5,560	1,827	91	108	
Total Amortizations		227,127	115,977	61,736	9,384	18,687	5,313	5,448	10,583	

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection	
								Private (9)	Public (10)
TAXES, OTHER THAN INCOME									
408.1	16	576,225	374,546	118,875	14,982	32,614	8,816	8,182	18,209
408.1	18	5,440,027	2,775,502	1,416,039	210,529	419,970	111,521	171,361	335,106
408.1	18	9,691	4,944	2,523	375	748	199	305	597
408.1	19	200,920	114,464	47,578	6,851	13,924	3,777	4,943	9,383
412.0	18	(76,468)	(39,014)	(19,905)	(2,959)	(5,903)	(1,568)	(2,409)	(4,710)
Total Taxes, Other Than Income		6,150,394	3,230,442	1,565,110	229,778	461,353	122,745	182,382	358,584
INCOME TAXES									
18		13,003,170	6,634,218	3,384,725	503,223	1,003,845	266,565	409,600	800,995
18		33,348,851	17,014,584	8,680,706	1,290,601	2,574,531	683,651	1,050,489	2,054,289
Total Cost of Service		102,106,838	58,187,644	24,177,627	3,477,611	7,073,410	1,918,009	2,507,397	4,765,140
Less: Misc. Service									
19		59,000	33,612	13,971	2,012	4,089	1,109	1,451	2,755
19		69,684	39,699	16,501	2,376	4,829	1,310	1,714	3,254
19		65,400	37,258	15,487	2,230	4,532	1,230	1,609	3,054
13		32,142	28,954	2,266	13	190	6	704	10
13		852,640	768,058	60,111	341	5,031	171	18,673	256
7		299,605	140,635	84,938	12,104	23,189	1,768	17,077	19,894
13		743,543	669,784	52,420	297	4,387	149	16,284	223
13		52,634	47,413	3,711	21	311	11	1,153	16
18		669,301	341,477	174,219	25,902	51,670	13,721	21,083	41,229
Total Other Water Revenues		2,843,949	2,106,889	423,624	45,297	98,227	19,473	79,748	70,691
Total Cost of Service Related to Sales of Water		99,262,889	56,080,755	23,754,003	3,432,314	6,975,183	1,898,535	2,427,649	4,694,449

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	15,275	0.4911
Commercial	9,566	0.3075
Industrial	1,696	0.0545
Other Public Authority	3,277	0.1053
Sales for Resale	1,105	0.0355
Private Fire Protection	88	0.0028
Public Fire Protection	103	0.0033
Total	<u>31,110</u>	<u>1.0000</u>

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5714	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4286	
Residential	0.4911	0.2806	0.5398	0.2313	0.5119
Commercial	0.3075	0.1757	0.3042	0.1304	0.3061
Industrial	0.0545	0.0311	0.0419	0.0180	0.0491
Other Public Authority	0.1053	0.0602	0.0868	0.0372	0.0974
Sales for Resale	0.0355	0.0203	0.0273	0.0117	0.0320
Private Fire Protection	0.0028	0.0016			0.0016
Public Fire Protection	0.0033	0.0019			0.0019
Total	<u>1.0000</u>	<u>0.5714</u>	<u>1.0000</u>	<u>0.4286</u>	<u>1.0000</u>

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Maximum Day Extra Capacity		
		Factor* (3)	Rate of Flow, Thousand Gallons Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	15,275	1.00	15,275	0.5398
Commercial	9,566	0.90	8,609	0.3042
Industrial	1,696	0.70	1,187	0.0419
Other Public Authority	3,277	0.75	2,458	0.0868
Sales for Resale	1,105	0.70	774	0.0273
Total	30,919		28,303	1.0000

The weighting of the factors is based on the maximum day ratio of 1.75, based on a review of maximum day ratios experienced during the period 2000 through 2014 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5714
Maximum Day Extra Capacity	0.75	0.4286
Total	1.75	1.0000

* Ratio of maximum day to average day minus 1.0.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.5244	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.3933	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.0823	
Residential	0.4911	0.2575	0.5398	0.2124			0.4699
Commercial	0.3075	0.1613	0.3042	0.1196			0.2809
Industrial	0.0545	0.0286	0.0419	0.0165			0.0451
Other Public Authority	0.1053	0.0552	0.0868	0.0341			0.0893
Sales for Resale	0.0355	0.0186	0.0273	0.0107			0.0293
Private Fire Protection	0.0028	0.0015			0.4620	0.0380	0.0395
Public Fire Protection	0.0033	0.0017			0.5380	0.0443	0.0460
Total	1.0000	0.5244	1.0000	0.3933	1.0000	0.0823	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE,
MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.75 and the average daily system sendout for year ending 2014 of 38.233 MGD. The system demand for fire protection is 10,000 Gallons per minute for 10 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	38,233,082	0.5244
Maximum Day Extra Capacity	<u>0.75</u>	<u>28,674,812</u>	<u>0.3933</u>
Subtotal	<u>1.75</u>	66,907,894	0.9177
Fire Protection		<u>6,000,000</u>	<u>0.0823</u>
Total		<u>72,907,894</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(4)=(3) X 0.3477	(5)	(6)=(5) X 0.5214	(7)	(8)=(7) X 0.1309	(9)=(4)+(6)+(8)
Residential	636.5	0.5091	0.5603	0.2921			0.4692
Commercial	398.6	0.3188	0.3324	0.1733			0.2841
Industrial	70.7	0.0565	0.0377	0.0197			0.0393
Other Public Authority	136.5	0.1092	0.0696	0.0363			0.0743
Sales for Resale	0.0	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	3.7	0.0030	0.0010		0.4620	0.0605	0.0615
Public Fire Protection	4.3	0.0034			0.5380	0.0704	0.0716
Total	1,250.3	1.0000	1.0000	0.5214	1.0000	0.1309	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for the year ending 2014 of 38.233 MGD. The system demand for fire protection is 10,000 gallons per minute.

	<u>Ratio</u>	<u>Rate of Flow, (GPM)</u>	<u>Weight</u>
Average Hour	1.00	26,551	0.3477
Maximum Hour Extra Capacity	<u>1.50</u>	<u>39,827</u>	<u>0.5214</u>
Subtotal	<u><u>2.50</u></u>	66,378	0.8691
Fire Protection		<u>10,000</u>	<u>0.1309</u>
Total		<u><u>76,378</u></u>	<u><u>1.0000</u></u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

<u>Customer Classification</u> (1)	<u>Average Hourly Consumption Thousand Gallons</u> (2)	<u>Maximum Hour Extra Capacity</u>		
		<u>Factor*</u> (3)	<u>1,000 Gallons Per Hour</u> (4)=(2)x(3)	<u>Allocation Factor</u> (5)
Residential	636.5	1.90	1,209.4	0.5603
Commercial	398.6	1.80	717.5	0.3324
Industrial	70.7	1.15	81.3	0.0377
Other Public Authority	136.5	1.10	150.2	0.0696
Sales for Resale	<u>0.0</u>	0.90	<u>0.0</u>	<u>0.0000</u>
Total	<u><u>1,242.3</u></u>		<u><u>2,158.4</u></u>	<u><u>1.0000</u></u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.4727	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.2121	
Residential	636.5	0.4910	0.5497	0.2598			0.4146
Commercial	398.6	0.3075	0.3262	0.1542			0.2511
Industrial	70.7	0.0545	0.0370	0.0175			0.0347
Other Public Authority	136.5	0.1053	0.0683	0.0323			0.0655
Sales for Resale	46.0	0.0355	0.0188	0.0089			0.0201
Private Fire Protection	3.7	0.0029			0.4620	0.0980	0.0989
Public Fire Protection	4.3	0.0033			0.5380	0.1141	0.1151
Total	<u>1,296.3</u>	<u>1.0000</u>	<u>1.0000</u>	<u>0.4727</u>	<u>1.0000</u>	<u>0.2121</u>	<u>1.0000</u>

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{10,000 \text{ GPM} \times 60 \text{ Min.} \times 10 \text{ Hrs.}}{28,286,000 \text{ Gallons}} = 0.2121$$

$$\text{General Service Weight} = 1.0000 - 0.2121 = 0.7879$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3152
Extra Capacity Maximum Hour	<u>1.50</u>	<u>60.00</u>	<u>0.4727</u>
Total	<u><u>2.50</u></u>	<u><u>100.00</u></u>	<u><u>0.7879</u></u>

Customer Classification	Average Hourly Consumption Thousand Gallons	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	636.5	1.9	1,209.4	0.5497
Commercial	398.6	1.8	717.5	0.3262
Industrial	70.7	1.2	81.3	0.0370
Other Public Authority	136.5	1.1	150.2	0.0683
Sales for Resale	<u>46.0</u>	0.9	<u>41.4</u>	<u>0.0188</u>
Total	<u><u>1,288.3</u></u>		<u><u>2,199.8</u></u>	<u><u>1.0000</u></u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor (3)=(2)X 0.4259	Allocation Factor 3	Weighted Factor (5)=(4)X 0.3109	Allocation Factor 4	Weighted Factor (7)=(6)X 0.2632	
(1)	(2)		(4)		(6)	(7)	(8)=(3)+ (5)+(7)
Residential	0.5119	0.2180	0.4699	0.1461	0.4692	0.1235	0.4876
Commercial	0.3061	0.1304	0.2809	0.0873	0.2841	0.0748	0.2925
Industrial	0.0491	0.0209	0.0451	0.0140	0.0393	0.0103	0.0452
Other Public Authority	0.0974	0.0415	0.0893	0.0278	0.0743	0.0196	0.0889
Sales for Resale	0.0320	0.0136	0.0293	0.0091	0.0000	0.0000	0.0227
Private Fire Protection	0.0016	0.0007	0.0395	0.0123	0.0615	0.0162	0.0292
Public Fire Protection	0.0019	0.0008	0.0460	0.0143	0.0716	0.0188	0.0339
Total	<u>1.0000</u>	<u>0.4259</u>	<u>1.0000</u>	<u>0.3109</u>	<u>1.0000</u>	<u>0.2632</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	<u>Horsepower of Pumps</u>	<u>Weight</u>
Associated with Maximum Day	10,200	0.4259
Associated with Maximum Day and Fire	7,447	0.3109
Associated with Maximum Hour	<u>6,305</u>	<u>0.2632</u>
Total	<u>23,952</u>	<u>1.0000</u>

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.2025	(4)	(5)=(4)X 0.7975	(6)=(3)+(5)
Residential	0.4699	0.0952	0.4692	0.3742	0.4694
Commercial	0.2809	0.0569	0.2841	0.2266	0.2835
Industrial	0.0451	0.0091	0.0393	0.0313	0.0404
Other Public Authority	0.0893	0.0181	0.0743	0.0593	0.0774
Sales for Resale	0.0293	0.0059	0.0000	0.0000	0.0059
Private Fire Protection	0.0395	0.0080	0.0615	0.0490	0.0570
Public Fire Protection	0.0460	0.0093	0.0716	0.0571	0.0664
Total	1.0000	0.2025	1.0000	0.7975	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	2,111,407	0.2025
Distribution Mains	8,317,444	0.7975
Total	10,428,851	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	118,614	0.8295
Commercial	18,473	0.1292
Industrial	552	0.0039
Other Public Authority	3,324	0.0232
Sales for Resale	334	0.0023
Private Fire	<u>1,701</u>	<u>0.0119</u>
Total	142,998	<u><u>1.0000</u></u>

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)=(2)X(13)	Number of Meters (15)	Weighting (16)
5/8	1.0	114,772	114,772	4,623	4,623	6	6	140	140	0	0	1,701	1,701	121,242	121,242
3/4	1.4	1	1	1	1	0	0	0	0	0	0	0	0	2	2
1	1.8	1,822	3,280	2,397	4,315	2	4	172	310	0	0	0	0	4,393	7,909
1-1/2	3.0	13	39	172	516	2	6	28	84	4	12	0	0	219	657
2	4.0	98	392	1,886	7,544	24	96	367	1,468	8	32	0	0	2,383	9,532
3	12.0	0	0	2	24	0	0	1	12	0	0	0	0	3	36
4	20.0	0	0	31	620	10	200	42	840	7	140	0	0	90	1,800
6	30.0	3	90	13	390	8	240	13	390	5	150	0	0	42	1,260
8	40.0	1	40	11	440	0	0	2	80	0	0	0	0	14	560
Total		116,710	118,614	9,136	18,473	52	552	765	3,324	24	334	1,701	1,701	128,388	142,998

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	118,777	0.8252
Commercial	16,054	0.1115
Industrial	158	0.0011
Other Public Authority	1,933	0.0134
Sales for Resale	80	0.0006
Private Fire Protection	<u>6,934</u>	<u>0.0482</u>
Total	<u><u>143,936</u></u>	<u><u>1.0000</u></u>

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)
3/4	1.00	80,109 *	80,109	4,623	4,623	6	6	140	140	0	0	0	0	84,878	84,878
1	2.00	19,154 *	38,308	2,397	4,794	2	4	172	344	0	0	0	0	21,725	43,450
1-1/2	2.20	13	29	172	378	2	4	28	62	4	9	0	0	219	482
2	3.20	98	314	1,886	6,035	24	77	367	1,174	8	26	69	221	2,452	7,847
4	3.50	0	0	33	116	10	35	43	151	7	25	420	1,470	513	1,797
6	4.00	3	12	13	52	8	32	13	52	5	20	912	3,648	954	3,816
8	5.10	1	5	11	56	0	0	2	10	0	0	285	1,454	299	1,525
10	8.90	0	0	0	0	0	0	0	0	0	0	9	80	9	80
12	9.50	0	0	0	0	0	0	0	0	0	0	5	48	5	48
>12	12.70	0	0	0	0	0	0	0	0	0	0	1	13	1	13
Total		99,378	118,777	9,135	16,054	52	158	765	1,933	24	80	1,701	6,934	111,055	143,936

*Adjusted to reflect that approximately 34,663 residential customers are served by 1-inch service lines each serving two residences.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION
SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 767,787	0.7996
Commercial	136,396	0.1420
Industrial	6,661	0.0069
Other Public Authority	26,609	0.0277
Sales for Resale	2,496	0.0026
Private Fire Protection	15,030	0.0157
Public Fire Protection	5,305	0.0055
Total	<u>960,284</u>	<u>1.0000</u>

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE
SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER
EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 439,609	0.6047
Commercial	116,586	0.1603
Industrial	10,887	0.0150
Other Public Authority	25,756	0.0354
Sales for Resale	1,907	0.0026
Private Fire Protection	28,973	0.0398
Public Fire Protection	103,437	0.1422
Total	<u>\$727,156</u>	<u>1.0000</u>

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	116,710	0.9008
Commercial	9,136	0.0705
Industrial	52	0.0004
Other Public Authority	765	0.0059
Sales for Resale	24	0.0002
Private Fire Protection	2,836	0.0219
Public Fire Protection	<u>38</u>	<u>0.0003</u>
Total	<u><u>129,561</u></u>	<u><u>1.0000</u></u>

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

<u>Customer Classification</u> (1)	<u>Total Metered Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	116,710	0.9090
Commercial	9,136	0.0712
Industrial	52	0.0004
Other Public Authority	765	0.0060
Sales for Resale	24	0.0002
Private Fire Protection	<u>1,701</u>	<u>0.0132</u>
Total	<u><u>128,388</u></u>	<u><u>1.0000</u></u>

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$7,384,256	0.6843
Commercial	1,994,459	0.1849
Industrial	249,416	0.0231
Other Public Authority	541,499	0.0502
Sales for Resale	139,895	0.0130
Private Fire Protection	173,535	0.0161
Public Fire Protection	305,987	0.0284
	<u> </u>	<u> </u>
Total	<u>\$10,789,047</u>	<u>1.0000</u>

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals, waste disposal, and administrative and general expenses.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$22,549,692	0.6558
Commercial	7,015,124	0.2040
Industrial	964,588	0.0281
Other Public Authority	2,021,359	0.0588
Sales for Resale	575,451	0.0167
Private Fire Protection	474,007	0.0138
Public Fire Protection	784,023	0.0228
	<u> </u>	<u> </u>
Total	<u>\$34,384,244</u>	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

<u>Customer Classification</u> (1)	<u>Direct Labor Expense</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$4,778,960	0.6500
Commercial	1,516,893	0.2063
Industrial	190,824	0.0260
Other Public Authority	416,301	0.0566
Sales for Resale	112,169	0.0153
Private Fire Protection	104,336	0.0142
Public Fire Protection	<u>232,647</u>	<u>0.0316</u>
Total	<u><u>\$7,352,130</u></u>	<u><u>1.0000</u></u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Original Cost Less Depreciation</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$237,604,999	0.5104
Commercial	121,584,804	0.2612
Industrial	18,099,521	0.0389
Other Public Authority	36,166,466	0.0777
Sales for Resale	9,536,148	0.0205
Private Fire Protection	14,061,228	0.0302
Public Fire Protection	<u>28,428,821</u>	<u>0.0611</u>
Total	<u><u>\$465,481,986</u></u>	<u><u>1.0000</u></u>

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

<u>Customer Classification</u> (1)	<u>Original Cost Measure of Value</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$207,057,740	0.5102
Commercial	105,591,046	0.2603
Industrial	15,682,927	0.0387
Other Public Authority	31,318,310	0.0772
Sales for Resale	8,299,642	0.0205
Private Fire Protection	12,773,668	0.0315
Public Fire Protection	<u>24,980,385</u>	<u>0.0616</u>
Total	<u><u>\$405,703,718</u></u>	<u><u>1.0000</u></u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

<u>Customer Classification</u> (1)	<u>Total Cost of Service</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$57,907,669	0.5697
Commercial	24,061,253	0.2368
Industrial	3,460,852	0.0341
Other Public Authority	7,039,353	0.0693
Sales for Resale	1,908,770	0.0188
Private Fire Protection	2,495,307	0.0246
Public Fire Protection	<u>4,742,190</u>	<u>0.0467</u>
Total	<u><u>\$101,615,395</u></u>	<u><u>1.0000</u></u>

KENTUCKY AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
301.0	17	37,450	19,115	9,782	1,457	2,910	768	1,131	2,288
302.0	17	70,261	35,861	18,352	2,733	5,459	1,440	2,122	4,293
339.1	17	372,520	190,134	97,302	14,491	28,945	7,637	11,250	22,761
339.3	2	0	-	-	-	-	-	-	-
303.2	2	1,117,541	572,069	342,079	54,871	108,848	35,761	1,788	2,123
304.1	2	18,582,227	9,512,242	5,688,020	912,387	1,809,909	594,631	29,732	35,306
305.0	1	560,223	275,125	172,269	30,532	58,991	19,888	1,569	1,849
306.0	2	1,588,895	813,355	486,361	78,015	154,758	50,845	2,542	3,019
309.0	2	14,345,007	7,343,209	4,391,007	704,340	1,397,204	459,040	22,952	27,256
311.5	2	15,334,060	7,849,505	4,693,756	752,902	1,493,537	490,690	24,534	29,135
303.3	6	277,216	135,171	81,086	12,530	24,645	6,293	8,095	9,398
304.2	6	7,273,152	3,546,389	2,127,397	328,746	646,583	165,101	212,376	246,560
310.0	6	2,570,769	1,253,507	751,950	116,199	228,541	58,356	75,066	87,149
311.2	6	10,274,600	5,009,895	3,005,321	484,412	913,412	233,233	300,018	348,309
311.2	6	410,135	199,982	119,964	18,538	36,461	9,310	11,976	13,904
311.4	6	7,440	3,628	2,176	336	661	169	217	252
311.5	6	(1,262,501)	(615,595)	(369,282)	(57,065)	(112,236)	(28,659)	(36,865)	(42,799)
303.4	2	800,183	409,614	244,936	39,289	77,938	25,606	1,280	1,520
304.3	2	36,330,467	18,597,566	11,120,756	1,783,826	3,538,588	1,162,575	58,129	69,028
311.5	2	242	124	74	12	24	8	0	0
320.1	2	34,041,924	17,426,061	10,420,233	1,671,458	3,315,663	1,089,342	54,467	64,680
320.2	2	(160,976)	(82,404)	(49,275)	(7,904)	(15,679)	(5,151)	(258)	(306)
303.5	7	7,474,952	3,508,743	2,119,149	301,988	578,561	44,102	426,072	496,337
304.4	7	281,215	132,003	79,725	11,361	21,766	1,659	16,029	18,673
311.5	7	159,320	74,785	45,167	6,437	12,331	940	9,081	10,579
330.0	5	15,041,819	6,236,338	3,777,001	521,951	985,239	302,341	1,487,636	1,731,313
331.0	4	4,247,905	1,993,117	1,206,830	166,943	315,619	-	261,246	304,150
	4	7,451,532	3,496,259	2,116,980	292,845	553,649	-	458,269	533,530
	4	57,753,640	27,098,008	16,407,809	2,269,718	4,291,095	-	3,551,849	4,135,161
	3	53,434,811	25,109,017	15,009,838	2,409,910	4,771,729	1,565,640	2,110,675	2,458,001
	3	88,909,981	41,778,800	24,974,814	4,009,840	7,939,661	2,605,062	3,511,944	4,089,859
333.0	10	8,841,621	7,296,106	985,841	9,726	118,478	5,305	426,166	-
334.0	9	8,235,478	6,831,329	1,064,024	32,118	191,063	18,942	98,002	-
334.0	9	16,483,563	13,673,115	2,129,676	64,286	382,419	37,912	196,154	-
335.0	8	12,539,215	-	-	-	-	-	-	-
304.5	15	11,141,868	7,624,380	2,060,131	257,377	559,322	144,844	179,384	12,539,215
340.1	15	651,609	445,896	120,483	15,052	32,711	8,471	10,491	18,506
340.2	15	2,460,299	1,683,582	454,909	56,833	123,507	31,984	39,611	69,872
340.3	13	2,090,288	1,882,931	147,365	836	12,333	418	45,777	627
340.3	15	4,541,336	3,107,636	839,693	104,905	227,975	59,037	73,116	128,974

KENTUCKY AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED AUGUST 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Private	Public	Fire Protection
341.0	15	4,794,619	3,280,958	886,525	110,756	240,690	62,330	77,193	136,167	
342.0	15	70,770	48,428	13,085	1,635	3,553	920	1,139	2,010	
343.0	15	1,718,982	1,176,299	317,840	39,708	86,293	22,347	27,676	48,819	
344.0	2	893,647	457,458	273,545	43,878	87,041	28,597	1,430	1,698	
345.0	15	463,634	317,265	85,726	10,710	23,274	6,027	7,465	13,167	
346.0	15	3,368,350	2,304,962	622,808	77,809	169,091	43,789	54,230	95,661	
347.0	15	1,021,685	699,139	188,910	23,601	51,289	13,282	16,449	29,016	
348.0	15	17,524	11,992	3,240	405	880	228	282	498	
Total Plant in Service, Net of Accumulated Depreciation, Contributions and Advances		456,660,496	232,763,098	119,285,377	17,762,734	35,494,751	9,381,059	13,869,490	28,103,986	
OTHER RATE BASE ELEMENTS										
Utility Plant Acquisition Adjustments	17									
CWIP - Water Treatment Plant and Supply Mains	2	3,524,131	1,804,002	1,078,736	173,035	343,250	112,772	5,639	6,696	
CWIP - Transmission Mains	3	0								
CWIP - Reservoirs and Standpipes	5	0								
CWIP - Distribution Mains	4	2,193,680	1,029,275	623,224	86,212	162,990		134,911	157,067	
CWIP - Pumping	6	727,790	354,870	212,879	32,896	64,701	16,521	21,251	24,672	
CWIP - Meters and Meter Installations	9	31,921	26,479	4,124	124	741	73	380		
CWIP - Services	10	220	181	24	0	3	0	11		
CWIP - Hydrants	8	88,041							88,041	
CWIP - Other	15	2,735,939	1,872,203	505,875	63,200	137,344	35,567	44,049	77,701	
Working Capital Allowance	15A	6,021,037	3,948,596	1,228,292	169,191	354,037	100,551	83,090	137,280	
Materials and Supplies	17	0								
Deferred Income Taxes	17	(78,268,967)	(39,948,481)	(20,443,854)	(3,044,663)	(6,081,499)	(1,604,514)	(2,363,723)	(4,782,234)	
Deferred Investment Tax Credits	17	(31,363)	(16,008)	(8,192)	(1,220)	(2,437)	(643)	(947)	(1,916)	
Deferred Maintenance - Tank Painting	5	9,539,974	3,955,273	2,395,487	331,037	624,868	191,753	943,503	1,098,051	
Deferred Debits - Source of Supply	2	1,360,408	696,393	416,421	66,796	132,504	43,533	2,177	2,585	
Other Rate Base Elements	17	1,120,412	571,858	292,652	43,584	87,056	22,968	33,836	68,457	
Total Other Rate Base Elements		(50,956,778)	(25,705,358)	(13,694,331)	(2,079,807)	(4,176,442)	(1,081,417)	(1,095,823)	(3,123,601)	
Total Original Cost Measure of Value		405,703,718	207,057,740	105,591,046	15,682,927	31,318,310	8,299,642	12,773,668	24,980,385	

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS

Factors are based on the net charge-offs by customer classification.

<u>Customer Classification</u> (1)	<u>Net Charge-Offs</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$1,236,492	0.8986
Commercial	76,545	0.0556
Industrial	13,023	0.0095
Other Public Authority	28,831	0.0210
Sales for Resale	0	0.0000
Private Fire	<u>21,077</u>	<u>0.0153</u>
Total	<u><u>\$1,375,968</u></u>	<u><u>1.0000</u></u>

Kentucky American Water Company
Case No. 2015-00418
Jurisdictional Financial Summary for the Base and Forecast Period Detailing Derivation of the Requested Revenue Increase

Data: Base Period Forecast Period
Version: Original Updated Revised

Exhibit 37, Schedule A
Public Workpapers\[Revenue Requirement and Conversion Factor.xlsx]Rev Requirement - SCH A
Witness: L. Bridwell

Line #	Base Period Ended 2/29/2016	Forecast Period Ended 6/30/2017	Support Schedule Reference	Excel Reference
1				
2	Present Rate Utility Operating Income:			
3				
4	\$90,509,219	\$88,355,270	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
5				
6	Less: Deductions:			
7	\$33,192,846	\$34,276,781	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
8	13,500,782	14,993,050	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
9	8,556	-	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
10	230,514	227,127	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
11	-	-	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
12	1,523,872	1,161,635	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
13	9,064,099	6,544,152	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
14	(84,792)	(76,468)	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
15	6,484,589	6,200,723	Exhibit 37 Schedule C-1	Public Workpapers\[Income Statement.xlsx]Inc Statment - SCH C.1
16	Total Deductions (Sum Lines 7 - 15):	\$63,920,466		
17				
18	Present Rate Operating Income (Line 4 - Line 16):	\$26,588,753		
19				
20				
21	Base Period	Forecast Period	Support Schedule	Excel Reference
22	Ended 2/29/2016	Ended 6/30/2017	Reference	Reference
23				
24	\$400,071,584	\$405,703,718	Exhibit 37 Schedule B-1	Rate Base\Exhibit 37 Schedules B1 - B8.xlsx
25	7.89%	8.22%	Exhibit 37 Schedule J-1.1	Capital\[Capital Structure 2015.xlsx]Sch J-1
26				
27	Operating Income Required (Line 24 x Line 25):	\$31,565,648		
28				
29	Less: Operating Income at Present Rates (Line 18):	\$26,588,753		
30				
31	Increase in Operating Income Required (Line 27 - Line 29)	\$4,976,895		
32				
33	Gross Revenue Conversion Factor	165.2718%	Exhibit 37, Schedule H	Public Workpapers\[Revenue Requirement and Conversion Factor.xlsx]Rev Conversion Factor - SCH H
34				
35	Requested Revenue Increase (Line 31 x Line 33)	\$8,225,405		
36				
37	Percent Increase over Operating Revenue at Present Rates	9.09%		
38	(Line 35 / Line 4):	15.56%		
39	Revenue Requirement (Line 4 + Line 35)	\$98,734,624		
40				

Kentucky American Water Company
Case No. 2015-00418
Computation of the Gross Revenue Conversion Factor for the Forecast Period

Data: Base Period Forecast Period
Version: Original Updated Revised

Exhibit 37, Schedule H
Public Workpapers\[Revenue Requirement and Conversion Factor.xlsx]Rev Conversion Factor - SCH H
Witness: L. Bridwell

Line #	Gross Revenue Conversion Factor Calculation	Total Rate	Gross Revenue Conversion Factor %	Percent of Total Conversion Factor	Workpaper Reference	Excel Reference
1	Gross Income from Revenue		100.0000%			
2	Less: Bad Debt Rate/ Uncollectible Expense	0.7815%	0.7815%	1.9787%	W/P - 3-10	O&M\[Uncollectibles Accounts Exhibit.xlsx]Exhibit
3	Less: PSC / Utility Reg Assessment Fee	0.1901%	0.1901%	0.4813%	W/P - 5-2	O&M\[PSC Fee (Gross Rec) Expense Exhibit.xlsx]Exhibit
4	<u>Net Income After Uncollectibles & Reg Assessment Fees</u>		<u>99.0284%</u>			
5						
6						
7	Less: State Income Tax @ 6.0%	6.00%	5.9417%	15.0447%		
9	<u>Net Income After Uncollectibles, Reg Assessment Fees & State Tax</u>		<u>93.0867%</u>			
10						
11	Less: Federal income Tax @ 35%	35.00%	32.5804%	82.4952%		
12						
13	<u>Net Income After Uncollectibles, Reg Assessment Fees, & State & Federal Income Taxes:</u>		<u>60.5064%</u>	<u>99.9999%</u>		
14						
15	Gross Revenue Conversion Factor (1 / Line 13)		<u>165.2718%</u>			
16						

Workpaper #:
Excel Reference:

W/P - 3-10 , W/P - 5-2 & W/P - 6-1
Public Workpapers\[Revenue Requirement and Conversion Factor.xlsx]Proposed Rate Adjstmnts

Kentucky American Water Company
Case No. 2015-00418
Adjustments to Operating Income for Proposed Rates

DATA: BASE PERIOD FORECAST PERIOD
VERSION: ORIGINAL UPDATED REVISED

Line Number	Description	Gross Revenue Conversion Factor Percentage	Total Company	
1				
2	Required Revenue Increase After Revenue Conversion (Schedule A, Line 34)		\$13,751,567	
3	Required Revenue Increase Before Revenue Conversion (Schedule A, Line 30)		8,320,575	
4	Increase Due to Revenue Conversion		\$5,430,992	
5				
6	Operating Income Line Item Increases due to Increase in Revenue:			
7	Operating and Maintenance Expenses (Line 4 x Percent Identified)	1.9787%	\$107,463	
8	General Taxes (Line 4 x Percent Identified)	0.4813%	26,139	
9	State Income Taxes (Line 4 x Percent Identified)	15.0447%	817,076	
10	Federal Income Taxes (Line 4 x Percent Identified)	82.4952%	4,480,307	
11				
12	Total Line Item Increase Due to Increase in Revenues:	100.0000%	\$5,430,986	
13				
14	Operating Income Increase (Line 2 - Line 12), Ties to Line 3		\$8,320,581	
15				
16				
17				
18	Forecasted Income Statement :	At Present Rates	Adjustments Per Above	At Proposed Rates
19	Operating Revenues at Proposed Rates:	\$88,355,270	\$13,751,567	\$102,106,837
20				
21	Less: Deductions:			
22	Operating and Maintenance Expenses	\$34,276,781	\$107,463	\$34,384,244
23	Depreciation	14,993,050	-	14,993,050
24	Amortization	-	-	-
25	General Taxes	1,161,635	26,139	1,187,774
26	State Income Taxes	6,544,152	817,076	7,361,229
27	Federal Income Taxes	6,200,723	4,480,307	10,681,030
28	Total Deductions:	\$63,327,000	\$5,430,986	\$68,757,986
29				
30	Pro Forma Operating Income:	\$25,028,270	\$8,320,581	\$33,348,851
31				

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 RATE BASE SUMMARY
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-1
 Rate Base \With Slippage\ (Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx) Sch B-1
 PAGE 1 OF 2
 Witness Responsible L. Birdwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED

Line No.	Rate Base Component	Supporting Schedule Reference	Base Period
1			
2	Utility Plant In Service	B-2	\$649,770,251
3			
4	Property Held for Future Use	B-2,6	0
5			
6	Utility Plant Acquisition Adjustments		0
7			
8	Accumulated Depreciation	B-3	(142,046,587)
9			
10			
11	Net Utility Plant In Service		507,723,664
12			
13			
14			
15	Construction Work in Progress	B-4	23,436,637
16			
17	Working Capital Allowance	B-5/W/P - 1-13	3,946,000
18			
19	Other Working Capital Allowance	B-5 & W/P - 1-5	813,037
20			
21	Contributions in Aid of Construction	B-6	(58,143,200)
22			
23	Customer Advances	B-6	(13,675,378)
24			
25	Deferred Income Taxes	B-6	(73,841,186)
26			
27	Deferred Investment Tax Credits	B-6	(38,059)
28			
29	Deferred Maintenance	W/P-1-10	7,212,746
30			
31	Deferred Debits	W/P-1-11	1,407,974
32			
33	Other Rate Base Elements	W/P-1-12	1,229,349
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44	Jurisdictional Rate Base		\$400,071,584
45			

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 RATE BASE SUMMARY
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-1
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-1
 PAGE 2 OF 2
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD __X__ FORECASTED PERIOD
 TYPE OF FILING: __X__ ORIGINAL __ __ UPDATED __ __ REVISED

Line No.	Rate Base Component	Supporting Schedule Reference	End of Period Amount	13 Month Avg Forecasted Period Amount
2	Utility Plant In Service	B-2	\$692,876,407	\$681,881,917
3	Property Held for Future Use	B-2.6	0	0
4	Utility Plant Acquisition Adjustments		0	0
5	Accumulated Depreciation	B-3	(158,455,332)	(152,107,938)
6				
7				
8				
9				
10				
11				
12	Net Utility Plant in Service		534,421,075	529,773,979
13				
14				
15	Construction Work in Progress	B-4	9,448,496	9,301,721
16	Working Capital Allowance	B-5/W/P - 1-13	5,208,000	5,208,000
17	Other Working Capital Allowance	B-5 & W/P - 1-5	813,037	813,037
18	Contributions in Aid of Construction	B-6	(59,134,225)	(58,948,292)
19	Customer Advances	B-6	(14,387,463)	(14,165,191)
20	Deferred Income Taxes	B-6	(80,401,792)	(78,268,967)
21	Deferred Investment Tax Credits	B-6	(27,856)	(31,363)
22	Deferred Maintenance	W/P-1-10	9,835,150	9,539,974
23	Deferred Debits	W/P-1-11	1,331,868	1,360,408
24	Other Rate Base Elements	W/P-1-12	1,062,038	1,120,412
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44	Jurisdictional Rate Base		\$408,168,327	\$405,703,718
45				

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 PLANT IN SERVICE BY MAJOR GROUPING
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-2
 PAGE 1 of 2
 Witness Responsible: L. Bridwell

DATA: X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Major Property Grouping	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	End of Period Adjusted Jurisdiction
2				\$893,281	\$0	\$893,281
3	Intangibles	\$893,281	100%			
4				84,306,783	0	84,306,783
5	Source of Supply and Pumping	84,306,783				
6				77,779,264	0	77,779,264
7	Water Treatment	77,779,264				
8				440,565,812	0	440,565,812
9	Transmission and Distribution	440,565,812				
10				46,225,110	0	46,225,110
11	General	46,225,110				
12				0	0	0
13	Completed Construction not Classified	0				
14				0	0	0
15	Other	0				
16				\$649,770,251	\$0	\$649,770,250
17	Total	\$649,770,251		\$649,770,250	\$0	\$649,770,250

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 PLANT IN SERVICE BY MAJOR GROUPING
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-2
 Rate Base, With Slippage \[Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\ Sch B-2
 PAGE 2 OF 2
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD ___X_ FORECASTED PERIOD
 TYPE OF FILING: ___X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Major Property Grouping	Forecasted Period	Jurisdictional Percent	Jurisdictional	Adjustments	End of Period Adjusted Jurisdiction	13 Month Average
1	Intangibles	\$963,312	100%	\$963,312	\$0	\$963,312	\$937,378
2							
3	Source of Supply and Pumping	88,855,723		88,855,723	0	88,855,723	86,834,365
4							
5	Water Treatment	89,794,796		89,794,796	0	89,794,796	90,008,195
6							
7	Transmission and Distribution	464,884,940		464,884,940	0	464,884,940	457,089,434
8							
9	General	48,377,633		48,377,633	0	48,377,633	47,012,545
10							
11	Completed Construction not Classified	0		0	0	0	0
12							
13	Other	0		0	0	0	0
14							
15		\$692,876,404		\$692,876,404	\$0	\$692,876,407	\$681,881,917

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2.1
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-2
 PAGE 1 of 4
 Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
1							
2							
3		<u>Intangible Plant</u>					
4	301.1	Organization	\$37,450		\$37,450	\$0	\$37,450
5	302.1	Franchise/Consents	70,261	100%	70,261	0	70,261
6	339.1	Other Plant & Equip Intangible	785,570		785,570	0	785,570
7							
8		Total Intangibles	\$893,281		\$893,281	\$0	\$893,281
9							
10		<u>Source of Supply and Pumping Plant</u>					
11	303.2	Land and Land Rights- SS	\$1,394,757		\$1,394,757	\$0	\$1,394,757
12	304.2	Structures and Improvements SS	30,763,251		30,763,251	0	30,763,251
13	305.2	Collecting and Impounding Reservoirs	852,837		852,837	0	852,837
14	306.2	Lake, River and Other Intakes	1,783,883		1,783,883	0	1,783,883
15	307.2	Wells and Springs	0		0	0	0
16	308.2	Infiltration Galleries & Tunnels	0		0	0	0
17	309.2	Supply Mains	18,571,284		18,571,284	0	18,571,284
18	310.2	Power Generation Equip	3,007,446		3,007,446	0	3,007,446
19	311.2	Pumping Equipment SS	27,933,324		27,933,324	0	27,933,324
20	339.2	Other Plant & Equip SS	0		0	0	0
21							
22		Total Source of Supply & Pumping	\$84,306,783		\$84,306,783	\$0	\$84,306,783
23							
24		<u>Water Treatment Plant</u>					
25	303.3	Land and Land Rights	\$800,183		\$800,183	\$0	\$800,183
26	304.3	Structures and Improvements	36,706,772		36,706,772	0	36,706,772
27	311.3	Pumping Equipment WT	0		0	0	0
28	320.3	Water Treatment Equipment	40,272,309		40,272,309	0	40,272,309
29	339.3	Other Plant & Equip WT	0		0	0	0
30							
31		Total Water Treatment	\$77,779,263		\$77,779,263	\$0	\$77,779,263
32							
33		<u>Transmission and Distribution Plant</u>					
34	303.4	Land and Land Rights TD	\$7,474,952		\$7,474,952	\$0	\$7,474,952
35	304.4	Struct & Improve TD	936,978		936,978	0	936,978
36	311.4	Pumping Equipment TD	93,914		93,914	0	93,914
37	330.4	Dist Reservoirs & Standpipes	19,602,664		19,602,664	0	19,602,664
38	331.4	TD Mains	293,431,919		293,431,919	0	293,431,919
39	333.4	Services	50,526,195		50,526,195	0	50,526,195
40	334.4	Meters & Meter Installations	49,385,097		49,385,097	0	49,385,097
41	335.4	Hydrants	19,114,093		19,114,093	0	19,114,093
42	336.4	Backflow Prevention Devices	0		0	0	0
43	339.4	Other Plant & Equip TD	0		0	0	0
44							
45		Total Transmission and Distribution	\$440,565,812		\$440,565,812	\$0	\$440,565,812

KENTUCKY AMERICAN WATER COMPANY
 Case No. 2015-00418
 PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
 AS OF APRIL 30, 2016

Rate Base With Slippage \ (Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx) B-2
 PAGE 2 of 4
 EXHIBIT 37, SCHEDULE B-2.1
 Witness Responsible: L. Bridwell

DATA: __X__ BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: __X__ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
2		General Plant	\$0		\$0		\$0
3	303.5	Land & Land Rights AG	13,741,856	100%	13,741,856	0	13,741,856
4	304.5	Struct & Improve AG	15,574,048		15,574,048	0	15,574,048
5	340.5	Office Furniture and Equipment	6,040,487		6,040,487	0	6,040,487
6	341.5	Transportation Equipment	65,066		65,066	0	65,066
7	342.5	Stores Equipment	2,434,448		2,434,448	0	2,434,448
8	343.5	Tools, Shop and Garage Equipment	1,258,931		1,258,931	0	1,258,931
9	344.5	Laboratory Equipment	1,368,554		1,368,554	0	1,368,554
10	345.5	Power Operated Equipment	3,911,877		3,911,877	0	3,911,877
11	346.5	Communication Equipment	1,699,211		1,699,211	0	1,699,211
12	346.5	Miscellaneous Equipment	130,633		130,633	0	130,633
13	347.5	Miscellaneous Equipment					
14	348.5	Other Tangible Property					
15		Total General	\$46,225,110		\$46,225,111	\$0	\$46,225,111
16							
17							
18							
19							
20		Total Utility Plant in Service	\$649,770,251		\$649,770,252	\$0	\$649,770,252

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2.2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx]Sch B-2
 PAGE 1 OF 2
 Witness Responsible: L. Bridwell

DATA: X_ BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
1							
2							
3							
4							
5							
6							
7							
8							

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-2.2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B2
 PAGE 2 OF 2
 Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD ___X_ FORECASTED PERIOD
 TYPE OF FILING: ___X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
1							
2							
3							
4							
5							
6							

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
 From May 1, 2015 to April 30, 2016

EXHIBIT 37, SCHEDULE B-2.3
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx]Sch B-2
 PAGE 1 OF 4
 Witness Responsible: L. Bridwell

DATA: __X__ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: __X__ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period		Additions	Retirements	Transfers/Reclassifications	Other Accts Involved	Base Period	
			Beginning Balance	Ending Balance					Amount	Explanation
1										
2										
3										
4	301.1	Intangible Plant								
5	302.1	Organization	\$37,450		\$0					\$37,450
6	339.1	Franchise/Consents	70,261		0					70,261
7		Other Plant & Equip Intangible	623,985		169,960	8,375				785,570
8		Total Intangibles	<u>\$731,696</u>		<u>\$169,960</u>	<u>\$8,375</u>				<u>\$893,281</u>
9										
10										
11	303.2	Source of Supply and Pumping Plant								
12	304.2	Land and Land Rights - SS	\$1,295,335		\$99,422					\$1,394,757
13	305.2	Structures and Improvements SS	29,628,955		1,145,557	11,261				30,765,251
14	306.2	Collecting and Impounding Reservoirs	854,646		0	1,809				852,837
15	307.2	Lake, River and Other Intakes	1,630,782		153,101	0				1,783,883
16	308.2	Wells and Springs	0		0	0				0
17	309.2	Infiltration Galleries & Tunnels	0		0	0				0
18	310.2	Supply Mains	18,571,339		0	54				18,571,284
19	311.2	Power Generation Equipment	2,798,566		230,519	21,668				3,007,446
20	339.2	Pumping Equipment SS	27,499,590		561,541	127,808				27,993,324
21		Other Plant & Equipment SS	0		0	0				0
22		Total Source of Supply & Pumping	<u>\$82,279,243</u>		<u>\$2,190,140</u>	<u>\$162,600</u>				<u>\$84,306,783</u>
23										
24										
25	303.3	Water Treatment Plant								
26	304.3	Land and Land Rights WT	\$800,183		\$0					\$800,183
27	311.3	Structures and Improvements WT	36,749,980		0	43,208				36,706,772
28	320.3	Pumping Equipment WT	0		0	0				0
29	339.3	Water Treatment Equipment	39,762,797		826,745	317,233				40,272,309
30		Other Plant & Equipment WT	0		0	0				0
31		Total Water Treatment	<u>\$77,312,960</u>		<u>\$826,745</u>	<u>\$360,441</u>				<u>\$77,779,264</u>
32										
33										
34	303.4	Transmission and Distribution Plant								
35	304.4	Land and Land Rights TD	\$7,473,931		\$1,022					\$7,474,952
36	311.4	Structures and Improvements TD	917,659		19,361	42				936,978
37	330.4	Pumping Equipment TD	94,347		2,480	2,912				99,314
38	331.4	Dist Reservoirs & Standpipes	16,659,436		2,948,527	5,299				19,602,664
39	333.4	TD Mains	285,571,424		8,172,001	311,505				293,831,920
40	334.4	Services	49,554,828		1,299,952	328,584				50,526,195
41	335.4	Meter & Meter Installations	48,415,047		1,022,913	50,279				49,387,661
42	336.4	Hydrants	17,833,606		1,304,096	26,193				19,111,509
43	339.4	Backflow Prevention Devices	0		0	0				0
44		Other Plant & Equip TD	0		0	0				0
45		Total Transmission and Distribution	<u>\$426,520,275</u>		<u>\$14,770,351</u>	<u>\$724,814</u>				<u>\$440,565,813</u>

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
 From May 1, 2015 to April 30, 2016

EXHIBIT 37, SCHEDULE B-2.3
 RATE BASE\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsxSch B-2
 PAGE 2 OF 4
 Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period		Additions	Retirements	Transfers/Reclassifications Amount	Other Accts Involved	Base Period Ending Balance
			Beginning Balance	Amount					
1									
2									
3									
4	303.5	General Plant							\$0
5	304.5	Land & Land Rights AG	13,631,167		\$0	34,974			13,741,856
6	340.5	Structures and Improvements AG	16,750,412	145,663		2,156,243			15,574,048
7	341.5	Office Furniture and Equipment	5,040,450	979,879		350,138			6,040,487
8	342.5	Transportation Equipment	80,716	1,350,175		50,650			65,066
9	343.5	Stores Equipment	2,543,162	35,000		322,634			2,434,448
10	344.5	Tools, Shop and Garage Equipment	1,282,807	213,921		24,708			1,258,931
11	345.5	Laboratory Equipment	1,370,184	832		1,631			1,368,554
12	346.5	Power Operated Equipment	3,523,504	0	569,206	180,834			3,911,877
13	347.5	Communication Equipment	1,746,374	-4,656		32,508			1,699,211
14	348.5	Miscellaneous Equipment	128,266	13,005		10,638			130,633
15		Other Tangible Property							
16		Total General	\$46,097,044	\$3,293,026	\$3,164,959				\$46,225,111
17									
18									
19		Total Utility Plant in Service	\$63,941,218	\$21,250,221	\$4,421,188				\$69,770,251

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418
PROPERTY MERGED OR ACQUIRED
AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2.4
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-2
PAGE 1 OF 2
Witness Responsible: L. Bridwell

DATA: X BASE PERIOD ____ FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Commission Approval Date	Adjustment	Explanation of Treatment
1							
2							
3							
4							
5							
6							
7							
8							

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 PROPERTY MERGED OR ACQUIRED
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-2.4
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xls\Sch B-2
 PAGE 2 OF 2
 Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD __X__ FORECASTED PERIOD
 TYPE OF FILING: __X__ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
1							
2							
3							
4							
5							
6							
7							
8							

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 LEASED PROPERTY
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2.5
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8 31 2017 with slippage.xlsx\Sch B-2
 PAGE 1 OF 2
 Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
1							
2							
3							
4							

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 LEASED PROPERTY
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-2.5
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-2
 PAGE 2 OF 2
 Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
 TYPE OF FILING: ___X___ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
1							
2							
3							
4							
5							

NONE

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2015-00418

PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE

AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2.6
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\sch B-2
 PAGE 1 OF 2
 Witness Responsible: L. Birdwell

DATA: ___X___ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: ___X___ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Description/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Amount	Revenue Realized Acct No.	Description	Amount	Expenses Incurred Acct No.	Description

NOT APPLICABLE IN THIS RATE CASE

1
 2
 3

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2015-00418

PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-2.6
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___ ___UPDATED ___ ___REVISED
WORKPAPER REFERENCE NO(S):

Line No.	Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Amount	Revenue Realized		Expenses Incurred	
							Description	Acct No.	Description	Acct No.
1										
2										
3										

NOT APPLICABLE IN THIS RATE CASE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 PROPERTY EXCLUDED FROM RATE BASE
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-2.7
 Rate Base With Slippage \Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx Sch B-2
 PAGE 1 OF 2
 Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses		Reasons for Exclusion
							Amount	Acct No.	
1									
2									
3									

NONE

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418
PROPERTY EXCLUDED FROM RATE BASE
AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-2.7
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD ___X_ FORECASTED PERIOD
TYPE OF FILING: ___X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses		Reasons for Exclusion
							Amount	Acct No. Description	
1									
2									
3									

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-3
 Rate Base/With Slippage (Exhibit 37 Schedules B1 - B8 8 31.2017 with slippage.xlsx) Sch B-3
 PAGE 1 of 4
 Witness Responsible L. Bridwell

DATA: X_ BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Base Period		Jurisdictional Percent	Accumulated Reserve Balances		Adjustments	Adjusted Jurisdiction
			Total Company	Total Company		Jurisdictional Total	Jurisdictional		
1									
2									
3		Intangible Plant							
4	301.1	Organization	\$37,450	\$0		\$0	\$0	\$0	\$0
5	302.1	Franchise/Consents	70,260.82	0	100%				
6	339.1	Other Plant & Equip Intangible	785,570	385,001		385,001	385,001	385,001	385,001
7									
8		Total Intangibles	\$893,281	\$385,001		\$385,001	\$0	\$385,001	\$385,001
9									
10		Source of Supply and Pumping Plant							
11	303.2	Land and Land Rights - SS	\$1,394,757	\$0		\$0	\$0	\$0	\$0
12	304.2	Structures and Improvements SS	30,763,251	4,974,877		4,974,877	0	4,974,877	4,974,877
13	305.2	Collecting and Impounding Reservoirs	852,837	282,104		282,104	0	282,104	282,104
14	306.2	Lake, River and Other Intakes	1,783,883	425,812		425,812	0	425,812	425,812
15	307.2	Wells and Springs	0	0		0	0	0	0
16	308.2	Infiltration Galleries & Tunnels	0	0		0	0	0	0
17	309.2	Supply Mains	18,571,284	3,948,262		3,948,262	0	3,948,262	3,948,262
18	310.2	Power Generation Equip	3,007,446	614,041		614,041	0	614,041	614,041
19	311.2	Pumping Equipment SS	27,933,324	3,992,167		3,992,167	0	3,992,167	3,992,167
20	339.2	Other Plant & Equip SS	0	0		0	0	0	0
21	354.2	Other Plant & Equip WT	0	0		0	0	0	0
22									
23		Total Source of Supply & Pumping	\$84,306,783	\$14,237,262		\$14,237,263	\$0	\$14,237,263	\$14,237,263
24									
25		Water Treatment Plant							
26	303.3	Land and Land Rights	\$800,183	\$0		\$0	\$0	\$0	\$0
27	304.3	Structures and Improvements	36,706,772	5,285,279		5,285,279	0	5,285,279	5,285,279
28	311.3	Pumping Equipment WT	0	(242)		(242)	0	(242)	(242)
29	320.3	Water Treatment Equipment	40,272,309	12,299,942		12,299,942	0	12,299,942	12,299,942
30	339.3	Other Plant & Equip WT	0	0		0	0	0	0
31									
32		Total Water Treatment	\$77,779,264	\$17,584,978		\$17,584,979	\$0	\$17,584,979	\$17,584,979
33									
34		Transmission and Distribution Plant							
35	303.4	Land and Land Rights TD	\$7,474,952	\$0		\$0	\$0	\$0	\$0
36	304.4	Struct & Improve TD	936,978	641,067		641,067	0	641,067	641,067
37	311.4	Pumping Equipment TD	93,914	(67,172)		(67,172)	0	(67,172)	(67,172)
38	330.4	Dist Reservoirs & Standpipes	19,602,664	4,837,124		4,837,124	0	4,837,124	4,837,124
39	331.4	TD Mains	293,631,919	54,789,055		54,789,055	0	54,789,055	54,789,055
40	333.4	Services	50,526,135	23,280,954		23,280,954	0	23,280,954	23,280,954
41	334.4	Meters & Meter Installations	49,385,097	9,054,446		9,054,446	0	9,054,446	9,054,446
42	335.4	Hydrants	19,114,093	4,241,609		4,241,609	0	4,241,609	4,241,609
43	336.4	Backflow Prevention Devices	0	0		0	0	0	0
44	338.4	Other Plant & Equip TD	0	0		0	0	0	0
45									
46		Total Transmission and Distribution	\$440,865,812	\$96,697,083		\$96,697,083	\$0	\$96,697,083	\$96,697,083

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-3
 Rate Base (With Slippage)\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-3
 PAGE 2 of 4
 Witness Responsible L. Birdwell

DATA: X_ BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-2

Line No.	MARUC 96 Acct No.	Account Title	Base Period		Jurisdictional Percent	Accumulated Reserve Balances		Adjustments	Adjusted Jurisdiction
			Total Company	Total Company		Total	Total		
1									
2									
3		General Plant							
4		Land & Land Rights AG	\$0	\$0		\$0	\$0	\$0	\$0
5	303.5	Struct & Improve AG	13,741,856	2,700,861	100%	2,700,861	2,700,861	0	2,700,861
6	340.5	Office Furniture and Equipment	15,574,048	6,038,599		6,038,599	6,038,599	0	6,038,599
7	341.5	Transportation Equipment	6,040,487	1,001,038		1,001,038	1,001,038	0	1,001,038
8	342.5	Stores Equipment	65,066	(7,867)		(7,867)	(7,867)	0	(7,867)
9	343.5	Tools, Shop and Garage Equipment	2,434,448	937,440		937,440	937,440	0	937,440
10	344.5	Laboratory Equipment	1,258,931	298,842		298,842	298,842	0	298,842
11	345.5	Power Operated Equipment	1,368,554	876,830		876,830	876,830	0	876,830
12	346.5	Communication Equipment	3,911,877	573,928		573,928	573,928	0	573,928
13	347.5	Miscellaneous Equipment	1,699,211	607,318		607,318	607,318	0	607,318
14	348.5	Other Tangible Property	130,633	115,272		115,272	115,272	0	115,272
15									
16									
17		Total General	\$46,225,111	\$13,142,261		\$13,142,261	\$13,142,261	\$0	\$13,142,261
18									
19									
20		Total Utility Plant in Service	\$649,770,251	\$142,046,585		\$142,046,585	\$142,046,585	\$0	\$142,046,585

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-3
 Rate Base (With Slippage) (Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx) Sch B-3
 PAGE 4 of 4
 Witness Responsible L. Bridwell

DATA: BASE PERIOD X, FORECASTED PERIOD
 TYPE OF FILING: X, ORIGINAL, UPDATED, REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-2

Line No.	MARIC 96 Acct No.	Account Title	Forecasted Period Total Company		Jurisdictional Percent	Accumulated Reserve Balances		13 Month Average
			Period Total Company	Total Company		Jurisdictional Total	Adjusted Jurisdiction	
1								
2								
3		General Plant						
4	303.5	Land & Land Rights AG	\$0	\$0	100%	\$0	\$0	\$0
5	304.5	Struct & Improve AG	14,624,480	3,158,695		3,158,695	3,158,695	2,975,786
6	340.5	Office Furniture and Equipment	16,066,834	6,150,276		6,150,276	6,150,276	6,058,928
7	341.5	Transportation Equipment	6,012,787	964,915		964,915	964,915	937,248
8	342.5	Stores Equipment	64,598	(4,876)		(4,876)	(4,876)	(5,986)
9	343.5	Tools, Shop and Garage Equipment	2,915,941	1,078,347		1,078,347	1,078,347	1,023,408
10	344.5	Laboratory Equipment	1,226,731	372,537		372,537	372,537	345,158
11	345.5	Power Operated Equipment	1,364,205	919,018		919,018	919,018	902,202
12	346.5	Communication Equipment	4,271,576	859,394		859,394	859,394	749,722
13	347.5	Miscellaneous Equipment	1,688,110	708,443		708,443	708,443	670,588
14	348.5	Other Tangible Property	142,992	124,373		124,373	124,373	120,680
15								
16								
17		Total General	48,377,633	14,331,119		14,331,122	14,331,122	13,777,935
18								
19		Total Utility Plant in Service	\$692,875,406	\$158,455,328		\$158,455,332	\$158,455,332	\$152,107,938

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-3.1
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-3
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
1						
2						
3						

NONE

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-3.1
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\sch. B-3
 PAGE 2 OF 2
 Witness Responsible L. Bridwell

DATA: __ BASE PERIOD __X__ FORECASTED PERIOD
 TYPE OF FILING: __X__ ORIGINAL __ __ UPDATED __ __ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
1						
2						
3			NONE			

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-3.2
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-3
PAGE 1 OF 4
Witness Responsible L. Bridwell

DATA: X - BASE PERIOD - FORECASTED PERIOD
TYPE OF FILING: X - ORIGINAL - UPDATED - REVISED
WORKPAPER REFERENCE NO(S): W/P-1.2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
2									
3	339.1	Other P/E Intangibles	\$96,263	\$120,203	19.40%	\$18,675	0%	1.2	5-SQ
4	339.6	Other P/E Comprehensive Studies	689,306	264,798	10.72%	73,894	0%	8.3	10-SQ
5	304.1	SS Structures and Improvements	20,669,375	2,371,586	3.07%	634,550	-5%	33.3	35-51.5
6	305.0	Coll and Impounding Reservoir	852,837	282,104	1.33%	11,343	0%	47.7	75-R4
7	306.0	Lake, River, and Other Intakes	1,783,883	425,812	2.05%	36,570	0%	47.6	50-51
8	307.0	Wells and Springs	-	-	2.05%	0	0%	0.0	
9	309.0	Supply Mains	18,571,284	3,948,262	2.20%	408,568	-1.0%	40.0	65-52.5
10									
11	304.2	Pumping Structures and Improvements	10,099,876	2,603,291	2.85%	287,675	-2.0%	36.4	60-R2.5
12	310.1	Other Power Production Equipment	3,007,446	614,041	2.93%	88,118	0%	30.4	35-52.5
13	311.2	Electric Pumping Equipment	27,499,559	2,703,497	2.25%	618,740	-2.0%	41.8	50-R3
14	311.3	Diesel Pumping Equipment	433,195	13,474	2.26%	9,790	-2.0%	31.6	50-R3
15	311.4	Hydraulic Pumping Equipment	7,728	82	2.28%	176	-2.0%	43.4	50-R3
16	311.5	Source of Supply Pumping Equipment	(7,158)	1,274,871	2.43%	(174)	-2.0%	47.6	50-R3
17	311.5	T & D Pumping Equipment	99,914	(67,172)	2.43%	2,282	-2.0%	46.3	50-R3
18									
19	304.3	WT Structures and Improvements	36,706,772	5,285,279	2.95%	1,062,850	-2.0%	39.2	60-R2.5
20	320.1	Water Treatment Equipment	39,529,969	11,466,542	2.59%	1,023,826	-2.0%	35.7	45-R2.5
21	320.1	Water Treatment Equipment-Str	-	0	1.97%	0	-2.0%	45.9	60-R3
22	320.2	Water Treatment - GAC	742,340	839,400	24.28%	180,240	0%	3.1	5-12.5
23									
24	304.4	T & D Structures and Improvements	936,978	641,067	2.63%	24,643	-5%	20.5	30-52
25	330.0	Dist Res and Standpipes	1,771,358	224,778	1.66%	29,405	0%	56.8	60-52.5
26	330.1	Elevated Tanks & Standpipes	13,720,898	4,215,516	2.03%	278,534	-2.5%	45.3	60-52.5
27	330.2	Ground Level Facilities	3,014,092	239,472	1.38%	41,594	0%	55.3	60-52.5
28	330.4	Clearwells	1,096,316	157,359	1.68%	18,418	0%	59.2	60-52.5
29	331.0	T & D Mains	293,431,919	54,709,055	1.66%	4,870,970	-1.5%	62.6	75-R3
30	333.0	Services	50,526,195	23,280,954	3.00%	1,515,786	-1.0%	48.6	60-R2.5
31	334.1	Meters - Bronze Case	24,490,843	610,523	2.68%	656,355	-1.0%	38.4	40-R1
32	334.1	Meters - Plastic Case	(2,044)	486,967	2.74%	(56)	-1.0%	38.7	40-R1
33	334.1	Meters - Other	(12,014)	(558,367)	3.25%	(390)	-1.0%	28.4	40-R1
34	334.1	Meter Installations	(14,281)	653,118	2.90%	(414)	-1.0%	34.1	40-R1
35	334.2	Meter Vaults	23,967,673	7,882,635	2.78%	666,301	-1.0%	28.5	40-R1
36	334.3	Meter Vaults	954,921	(30,430)	2.73%	26,069	-1.0%	38.2	40-R1
37	335.0	Hydrants	19,114,093	4,241,609	1.49%	284,800	-2.5%	66.9	80-R3

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-3.2
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 - 8.31.2017 with slippage.xlsx\Sch B-3
PAGE 2 OF 4
Witness Responsible L. Bridwell

DATA: X_ BASE PERIOD ____ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ____ UPDATED ____ REVISED
WORKPAPER REFERENCE NO(S): W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Plant Investment	Jurisdiction Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3									
4	304.60	Office Structures and Improvements	4,822,596	568,579	2.01%	96,934	-5%	27.9	55-R2.5
5		Office Structures and Improvements-not depreciated				0			
6	304.61	Other Structures and Improvements	5,786,087	1,537,663	2.01%	116,300	-5%	44	55-R2.5
7	304.70	Stores, Shop & Garage Structures	1,766,444	465,088	2.03%	35,859	0%	44.4	50-R2.5
8	304.80	Misc Structures	1,366,729	129,532	4.98%	68,063	-10%	17.9	25-R2
9	340.10	Office Furniture	714,184	315,278	5.00%	35,709	0%	8.7	20-SQ
10		Office Furniture-not depreciated				0			
11	340.21	Mainframe Comp & Periph Eqpt			20.00%	0	0%	3.7	5-SQ
12		Mainframe Comp & Periph Eqpt-not depreciated				0			
13	340.22	Personal Comp & Periph Eqpt	1,785,042	321,720	20.00%	357,008	0%	1.7	5-SQ
14		Personal Comp & Periph Eqpt-not depreciated				0			
15	340.23	Computers & Periph Other	(9,267)	637,529	20.00%	(1,853)	0%	2.4	5-SQ
16		Computers & Periph Other-not depreciated				0			
17	340.30	Mainframe Software	1,370,586	171,876	20.00%	274,117	0%	1.0	5-SQ
18		Mainframe Software-not depreciated				0			
19	340.32	Personal Comp Software	11,705,721	4,098,620	10.00%	1,170,572	0%	1.4	5-SQ
20		Personal Comp Software-not depreciated				0			
21	340.33	Other software	(833)	384,267	20.00%	(167)	0%	1.3	5-SQ
22		Other Software-not depreciated				0			
23	340.50	Other Office Equipment	8,617	109,308	6.67%	575	0%	4.9	15-SQ
24		Other Office Equipment-not depreciated				0			
25	340.51	Computer Software Special			10.00%	0			
26	341.10	Trans Equip-Light Trucks	2,086,381	343,207	1.53%	31,922	20%	12.6	13-S2.5
27		Trans Equip-Light Trucks-not depreciated				0			
28	341.20	Trans Equip-Heavy Trucks	2,636,863	225,620	2.34%	61,703	15%	10.6	14-S2
29	341.30	Trans Equip-Cars	358,737	195,440	8.50%	30,493	15%	0.0	10-S3
30		Trans Equip-Cars-new additions				0			
31	341.40	Other Trans Equip	958,505	236,771	5.51%	52,814	0%	12.1	16-L3
32	342.00	Stores Equipment	65,066	(7,857)	4.00%	2,603	0%	2.3	25-SQ
33		Stores Equipment-not depreciated				0			
34	343.00	Tools, Shop, & Garage Equip	2,434,448	937,440	5.00%	121,722	0%	13.2	20-SQ
35		Tools, Shop, & Garage Equip-not depreciated				0			
36	344.00	Laboratory Equipment	1,258,931	298,842	6.67%	83,971	0%	5.0	15-SQ
37		Laboratory Equipment-not depreciated				0			
38	345.00	Power Operated Equipment	1,368,554	876,830	2.14%	29,287	15%	12.3	18-L4
39	346.10	Communication Equipment-telephone	287,551	(5,820)	6.67%	19,180	0%	4.0	15-SQ
40		Communication Equipment-not depreciated				0			
41	346.19	Communication Equipment-remote control	3,533,440	678,118	6.67%	235,680	0%	12.3	15-SQ
42	346.20	Communication Equipment-telephone	90,886	(98,371)	6.67%	6,062	0%	12.3	15-SQ
43	347.00	Misc Equipment	1,699,211	607,318	5.00%	84,961	0%	13.1	20-SQ
44		Misc Equipment - not depreciated				0			
45	348.00	Other Tangible Property	130,633	115,272	5.00%	6,532	0%	7.6	20-SQ
46									
47			\$659,992,647	\$142,046,585		\$15,809,185			

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2015-00418

PROPOSED DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT

AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-3.2

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Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-2

Rate Base/With Slippage [Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx] Sch B-3

Line No.	Acct No.	Account Title	Adjusted Plant Investment	Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
2									
3	339.1	Other P/E Intangibles	\$96,263	\$131,241	7.00%	\$6,738	0%	1.2	5-SQ
4	339.6	Other P/E Comprehensive Studies	733,403	325,906	7.00%	51,338	0%	8.3	10-SQ
5	304.1	SS Structures and Improvements	21,364,641	2,782,415	2.24%	478,568	-5%	33.3	35-S1.5
6	305.0	Coil and Impounding Reservoir	851,672	291,449	1.58%	13,456	0%	47.7	75-R4
7	306.0	Lake, River, and Other Intakes	2,046,847	457,952	2.02%	41,346	0%	47.6	50-S1
8	307.0	Wells and Springs		0	2.02%	0	0%	0.0	
9	308.0	Supply Mains	18,571,194	4,226,187	2.02%	375,138	-10%	40.0	65-S2.5
10									
11	304.2	Pumping Structures and Improvements	10,082,747	2,809,595	2.48%	250,052	-20%	36.4	60-R2.5
12	310.1	Other Power Production Equipment	3,233,817	663,048	3.12%	100,895	0%	30.4	35-S2.5
13	311.2	Electric Pumping Equipment	28,867,291	3,258,631	3.03%	874,679	-20%	41.8	50-R3
14	311.3	Diesel Pumping Equipment	432,760	22,625	3.23%	13,978	-20%	31.6	50-R3
15	311.4	Hydraulic Pumping Equipment	7,728	288	4.08%	315	-20%	43.4	50-R3
16	311.5	Source of Supply Pumping Equipment	(19,088)	1,243,170	2.73%	(521)	-20%	47.6	50-R3
17	311.5	T & D Pumping Equipment	89,060	(70,260)	3.02%	2,690	-20%	46.3	50-R3
18									
19	304.3	WT Structures and Improvements	42,473,644	6,143,177	2.71%	1,151,036	-20%	39.2	60-R2.5
20	320.1	Water Treatment Equipment	45,992,027	11,950,103	2.77%	1,273,979	-20%	39.0	45-R2.5
21	320.1	Water Treatment Equipment-Str			2.77%	0	-20%	45.9	60-R3
22	320.2	Water Treatment - GAC	742,340	903,316	2.65%	19,672	0%	3.1	5-L2.5
23									
24	304.4	T & D Structures and Improvements	936,908	655,692	1.39%	13,023	-5%	20.5	30-S2
25	330.0	Dist Res and Standpipes	1,771,358	252,470	2.02%	35,781	0%	56.8	60-S2.5
26	330.1	Elevated Tanks & Standpipes	14,127,331	4,434,796	1.89%	267,007	-25%	45.3	60-S2.5
27	330.2	Ground Level Facilities	3,188,421	281,305	1.83%	58,348	0%	56.3	60-S2.5
28	330.4	Cleanwells	1,096,316	173,036	1.74%	19,076	0%	59.2	60-S2.5
29	331.0	T & D Mains	305,787,112	58,470,470	1.53%	4,678,543	-15%	62.6	75-R3
30	333.0	Services	52,057,813	24,393,457	3.24%	1,686,673	-100%	49.6	60-R2.5
31	334.1	Meters	25,623,637	1,257,375	3.50%	896,827	-10%	38.4	40-R1
32	334.1	Meters - Bronze Case	(5,450)	474,415	2.90%	(158)	-10%	38.7	40-R1
33	334.1	Meters - Plastic Case	(32,037)	(673,395)	4.39%	(1,406)	-10%	28.4	40-R1
34	334.1	Meters - Other	(38,084)	597,021	3.70%	(1,409)	-10%	34.1	40-R1
35	334.2	Meter Installations	23,953,447	8,438,900	2.89%	692,255	-10%	28.5	40-R1
36	334.3	Meter Vaults	950,067	(18,949)	3.31%	31,447	-10%	39.2	40-R1
37	335.0	Hydrants	20,108,584	4,514,567	2.15%	432,335	-25%	66.9	80-R3

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 CONSTRUCTION WORK IN PROGRESS
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-4
 Rate Base/With Slippage [Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx] Sch B-4
 PAGE 1 OF 2
 Witness Responsible L. Bridwell

DATA: X_BASE PERIOD FORECASTED PERIOD
 TYPE OF FILING: X_ORIGINAL UPDATED REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-3

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				Capitalized	Indirect				
1									
2	D12-001-P	Projects Funded by Others	\$517,880	\$0		\$517,880	100%	\$517,880	NA
3	R12-001-A1	Mains - New	1,563			156,895		156,895	NA
4	R12-001-B1	Mains - Replaced / Restored	582,544	5,956		588,500		588,500	NA
5	R12-001-C1	Mains - Unscheduled	0	0		0		0	NA
6	R12-001-D1	Mains - Relocated	26,204	279		26,483		26,483	NA
7	R12-001-E1	Hydrants, Valves, and Manholes - New	21,247	217		21,464		21,464	NA
8	R12-001-F1	Hydrants, Valves, and Manholes - Replaced	65,508	45		65,553		65,553	NA
9	R12-001-G1	Services and Laterals - New	0	0		0		0	NA
10	R12-001-H1	Services and Laterals - Replaced	216	1		217		217	NA
11	R12-001-I1	Meters - New	31,537	13		31,550		31,550	NA
12	R12-001-J1	Meters - Replaced	0	0		0		0	NA
13	R12-001-K1	ITS Equipment and Systems	1,655,837	76,548		1,732,385		1,732,385	NA
14	R12-001-L1	SCADA Equipment and Systems	50,365	815		51,180		51,180	NA
15	R12-001-M1	Security Equipment and Systems	3,000	0		3,000		3,000	NA
16	R12-001-N1	Offices and Operations Centers	5,772	40		5,812		5,812	NA
17	R12-001-O1	Vehicles	2,238	0		2,238		2,238	NA
18	R12-001-P1	Tools and Equipment	0	0		0		0	NA
19	R12-001-Q1	Process Plant Facilities and Equipment	197,894	2,196		200,090		200,090	NA
20	R12-001-S1	Engineering Studies	411,280	8,230		419,510		419,510	NA
21	R12-001-K3/112-0102-P-0251	ITS Equipment and Systems - Centrally-Sponsored	0	0		0		0	NA
22	112-020002	KRS Filter Building Replacement	12,185,411	217,371		12,402,782		12,402,782	94.32%
23	112-020005	Millersburg Tank Replacement	274,800	0		274,800		274,800	61.07%
24	112-020011	New Circle Rd Main Relocation	2,632,429	69,400		2,701,829		2,701,829	99.37%
25	112-020040	KRS Valve House Rehabilitation (Phase 2)	160,300	0		160,300		160,300	16.87%
26	112-020043	Athens Bonnetboro Main Extension	503,800	0		503,800		503,800	35.83%
27	112-020001	Post Acquisition BD Capex	0	0		0		0	0.00%
28	112-0200051	KRS High Service Pumps Replacement	68,700	0		68,700		68,700	2.56%
29	112-020039	Georgetown Bypass and US 25 Area	0	0		0		0	0.00%
30	112-020037	KRS1 Chemical Storage and Feed Improvements	0	0		0		0	0.00%
31	112-020017	KRS Valve House Rehabilitation Phas	1,556,427	78,685		1,635,112		1,635,112	100.00%
32	112-020021	Power Reliability at Remote Sites	0	0		0		0	0.00%
33	112-020056	KRS Valve House Rehabilitation (Phase 1 B)	554,887	3,198		558,085		558,085	62.01%
34	112-020050	Paving Field Ops and Front Entrance	0	0		0		0	0.00%
35	112-020055	New Circle Rd Main Relocation Phase 2	283,044	0		283,044		283,044	36.52%
36	112-020012	KRS High Service Pumping	136,299	3,028		139,327		139,327	9.95%
37	112-020046	KRS Actuator Replacement Level 1	630,065	40,256		670,321		670,321	100.00%
38	112-020057	Sludge Thickener Upgrade	124,247	633		124,880		124,880	24.27%
39	112-020058	KRS Intake Pump Replacement	88,520	280		88,900		88,900	16.06%
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			\$22,927,883	\$508,754	\$0	\$23,436,637		\$23,436,637	

Note: Capital Project lines "D" and "R" represent developer and normal recurring construction expenditures respectively and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 CONSTRUCTION WORK IN PROGRESS
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-4
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-4
 PAGE 2 OF 2
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-3

Line No.	Project Number	Description of Project	Construction Amount	AFUDC Capitalized	Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
2	D12-001-P	Projects Funded by Others	\$502,488	\$0		\$502,488	100%	\$502,488	N/A
3	R12-001A1	Mains - New	194,603	2,771		197,374		197,374	N/A
4	R12-001B1	Mains - Replaced / Restored	708,898	9,706		718,604		718,604	N/A
5	R12-001C1	Mains - Unscheduled	0	0		0		0	N/A
6	R12-001D1	Mains - Relocated	66,998	906		67,904		67,904	N/A
7	R12-001E1	Hydrants, Valves, and Manholes - New	21,247	217		21,464		21,464	N/A
8	R12-001F1	Hydrants, Valves, and Manholes - Replaced	65,508	45		65,553		65,553	N/A
9	R12-001G1	Services and Laterals - New	0	0		0		0	N/A
10	R12-001H1	Services and Laterals - Replaced	216	1		217		217	N/A
11	R12-001I1	Meters - New	31,537	13		31,550		31,550	N/A
12	R12-001J1	Meters - Replaced	0	0		0		0	N/A
13	R12-001K1	ITS Equipment and Systems	1,655,837	76,548		1,732,385		1,732,385	N/A
14	R12-001L1	SCADA Equipment and Systems	50,365	815		51,180		51,180	N/A
15	R12-001M1	Security Equipment and Systems	3,000	0		3,000		3,000	N/A
16	R12-001N1	Offices and Operations Centers	5,772	40		5,812		5,812	N/A
17	R12-001O1	Vehicles	2,238	0		2,238		2,238	N/A
18	R12-001P1	Tools and Equipment	0	0		0		0	N/A
19	R12-001Q1	Process Plant Facilities and Equipment	321,218	4,449		325,667		325,667	N/A
20	R12-001R1	Engineering Studies	411,280	8,230		419,510		419,510	N/A
21	R12-010X/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	0	0		0		0	N/A
22	R12-020032	RRS Filter Building Replacement	0	0		0		0	N/A
23	R12-020052	Millersburg Tank Replacement	0	0		0		0	N/A
24	R12-020011	New Circle Rd Main Relocation	460,597	69,400		529,997		529,997	19.49%
25	R12-020040	KRS Valve House Rehabilitation (Phase 2)	313,761	0		313,761		313,761	33.03%
26	R12-020043	Athens Boonesboro Main Extension	544,676	0		544,676		544,676	38.74%
27	R12-000001	Post Acquisition BD Capex	8,475	0		8,475		8,475	7.06%
28	R12-020051	KRS High Service Pumps Replacement	312,849	0		312,849		312,849	11.67%
29	R12-020039	Georgetown Bypass and US 25 Area	190,681	0		190,681		190,681	14.12%
30	R12-020037	KRS1 Chemical Storage and Feed Improvements	223,715	0		223,715		223,715	8.95%
31	R12-020017-01	KRS Valve House Rehabilitation Phas	1,556,428	78,684		1,635,112		1,635,112	100.00%
32	R12-020021	Power Reliability at Remote Sites	126,831	0		126,831		126,831	10.57%
33	R12-020056	KRS Valve House Rehabilitation (Phase 1,B)	97,283	3,198		100,481		100,481	11.16%
34	R12-020050	Paving Field Ops and Front Entrance	49,323	0		49,323		49,323	14.09%
35	R12-020055	New Circle Rd Main Relocation Phase 2	5,846	0		5,846		5,846	0.75%
36	R12-020012-01	KRS High Service Pumping	227,899	3,028		230,927		230,927	16.49%
37	R12-020046-01	KRS Actuator Replacement Level 1	630,065	40,256		670,321		670,321	100.00%
38	R12-020057	Sludge Thickener Upgrade	124,247	633		124,880		124,880	24.27%
39	R12-020058	KRS Intake Pump Replacement	88,620	280		88,900		88,900	16.06%
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Note: Capital Project lines "D" and "R" represent developer and normal recurring construction expenditures respectively and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-4.1
Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-4
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: X_ BASE PERIOD ____ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ____ UPDATED ____ REVISED
WORKPAPER REFERENCE NO(S): W/P-1-3

Line No.	Project Number	Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1								
2	D12-001-P	NA	NA	NA	NA	NA	\$517,880	NA
3	R12-001-A1	NA	NA	NA	NA	NA	156,895	NA
4	R12-001-B1	NA	NA	NA	NA	NA	588,500	NA
5	R12-001-C1	NA	NA	NA	NA	NA	0	NA
6	R12-001-D1	NA	NA	NA	NA	NA	26,483	NA
7	R12-001-E1	NA	NA	NA	NA	NA	21,464	NA
8	R12-001-F1	NA	NA	NA	NA	NA	65,553	NA
9	R12-001-G1	NA	NA	NA	NA	NA	0	NA
10	R12-001-H1	NA	NA	NA	NA	NA	217	NA
11	R12-001-I1	NA	NA	NA	NA	NA	31,550	NA
12	R12-001-J1	NA	NA	NA	NA	NA	0	NA
13	R12-001-K1	NA	NA	NA	NA	NA	1,732,385	NA
14	R12-001-L1	NA	NA	NA	NA	NA	51,180	NA
15	R12-001-M1	NA	NA	NA	NA	NA	3,000	NA
16	R12-001-N1	NA	NA	NA	NA	NA	5,812	NA
17	R12-001-O1	NA	NA	NA	NA	NA	2,238	NA
18	R12-001-P1	NA	NA	NA	NA	NA	0	NA
19	R12-001-Q1	NA	NA	NA	NA	NA	200,090	NA
20	R12-001-R1	NA	NA	NA	NA	NA	419,510	NA
21	R12-010X/112-0102-P-0291	NA	NA	NA	NA	NA	NA	NA
22	I12-020002	Feb-15	May-16	93.80%	14,100,000	13,150,165	12,402,782	94.32%
23	I12-020052	Feb-16	Jun-16	59.33%	450,000	450,000	274,800	61.07%
24	I12-020011	May-15	Aug-16	74.80%	2,306,000	2,718,903	2,701,829	99.37%
25	I12-020040	Apr-16	Dec-16	10.58%	1,000,000	950,000	160,300	16.87%
26	I12-020043	Jan-15	Dec-15	100.00%	1,455,000	1,406,100	503,800	35.83%
27	I12-020001	NA	NA	NA	120,000	120,000	0	0.00%
28	I12-020051	Apr-16	Sep-17	5.60%	2,250,000	2,680,000	68,700	2.56%
29	I12-020039	Jan-16	Dec-17	16.44%	1,350,000	1,350,000	0	0.00%
30	I12-020037	Feb-14	Dec-14	44.82%	1,200,000	2,500,000	0	0.00%
31	I12-020017-01	Dec-14	May-16	99.81%	1,663,762	1,663,762	1,635,112	98.28%
32	I12-020021	Jan-14	Dec-17	58.22%	240,000	1,200,000	0	0.00%
33	I12-020056	Jun-15	Mar-16	100.00%	1,504,295	900,000	558,085	62.01%
34	I12-020050	Apr-16	Jun-16	32.22%	350,000	350,000	0	0.00%
35	I12-020055	Jan-16	Dec-16	32.86%	900,000	775,000	283,044	36.52%
36	I12-020012-01	Jan-15	Dec-16	69.25%	5,025,000	1,400,000	139,327	9.95%
37	I12-020046-01	Sep-14	Jan-16	100.00%	689,890	689,890	670,321	97.16%
38	I12-020057	Sep-15	Jun-16	88.32%	250,000	250,000	124,880	49.95%
39	I12-020058	Sep-15	Jun-16	79.87%	553,000	553,000	88,900	16.08%
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Note: Capital Project lines "D" and "R" represent developer and normal recurring construction expenditures respectively and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-4.1
 Rate Base/With Slippage (Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx) Sch B-4
 PAGE 2 OF 2
 Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD ___, FORECASTED PERIOD
 TYPE OF FILING: ___, ORIGINAL ___, UPDATED ___, REVISED
 WORKPAPER REFERENCE NO(S): W/P-1-3

Line No.	Project Number	Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
2	D12-001-P	NA	NA	NA	NA	NA	\$502,488	NA
3	R12-001-A1	NA	NA	NA	NA	NA	137,374	NA
4	R12-001-B1	NA	NA	NA	NA	NA	718,604	NA
5	R12-001-C1	NA	NA	NA	NA	NA	0	NA
6	R12-001-D1	NA	NA	NA	NA	NA	67,904	NA
7	R12-001-E1	NA	NA	NA	NA	NA	21,464	NA
8	R12-001-F1	NA	NA	NA	NA	NA	65,553	NA
9	R12-001-G1	NA	NA	NA	NA	NA	0	NA
10	R12-001-H1	NA	NA	NA	NA	NA	217	NA
11	R12-001-I1	NA	NA	NA	NA	NA	31,550	NA
12	R12-001-J1	NA	NA	NA	NA	NA	0	NA
13	R12-001-K1	NA	NA	NA	NA	NA	1,732,385	NA
14	R12-001-L1	NA	NA	NA	NA	NA	51,180	NA
15	R12-001-M1	NA	NA	NA	NA	NA	3,000	NA
16	R12-001-N1	NA	NA	NA	NA	NA	5,812	NA
17	R12-001-O1	NA	NA	NA	NA	NA	2,238	NA
18	R12-001-P1	NA	NA	NA	NA	NA	0	NA
19	R12-001-Q1	NA	NA	NA	NA	NA	325,667	NA
20	R12-001-R1	NA	NA	NA	NA	NA	419,510	NA
21	R12-001-K3/T12-0102-P-0291	NA	NA	NA	NA	NA	0	NA
22	I12-020092	Feb-15	May-16	51.38%	14,100,000	13,150,165	0	0.00%
23	I12-020092	Feb-16	Jun-16	26.00%	450,000	450,000	0	0.00%
24	I12-020091	May-15	Aug-16	57.21%	2,306,000	2,718,903	529,997	19.45%
25	I12-020040	Apr-16	Dec-16	53.00%	1,000,000	950,000	313,761	33.03%
26	I12-020043	Jan-15	Dec-15	37.35%	1,465,000	1,406,100	544,676	38.74%
27	I12-020001	NA	NA	NA	120,000	120,000	8,475	7.06%
28	I12-020051	Apr-16	Sep-17	100.00%	2,250,000	2,860,000	312,849	11.67%
29	I12-020099	Jan-16	Dec-17	100.00%	1,350,000	1,350,000	190,661	14.12%
30	I12-020037	Feb-14	Dec-18	100.00%	1,200,000	2,500,000	223,715	8.95%
31	I12-020017-01	Dec-14	May-16	51.49%	1,663,762	1,663,762	1,635,112	98.28%
32	I12-020021	Jan-14	Dec-17	100.00%	240,000	1,200,000	126,831	10.57%
33	I12-020056	Jun-15	Mar-16	35.17%	1,504,295	900,000	100,481	11.16%
34	I12-020050	Apr-16	Jun-16	17.41%	350,000	350,000	49,323	14.09%
35	I12-020055	Jan-16	Dec-16	60.03%	900,000	775,000	5,846	0.75%
36	I12-020012-01	Jan-15	Dec-16	71.94%	5,025,000	1,400,000	230,927	16.45%
37	I12-020046-01	Sep-14	Jan-16	45.68%	689,890	689,890	670,321	97.16%
38	I12-020057	Sep-15	Jun-16	37.53%	250,000	250,000	124,880	49.95%
39	I12-020058	Sep-15	Jun-16	41.51%	553,000	553,000	88,900	16.08%
40								
41								
42								
43								
44								
45								
46								
47								
48								
49								
50								

\$35,406,947	\$33,106,820	\$9,301,721
--------------	--------------	-------------

Note: Capital Project lines "D" and "R" represent developer and normal recurring construction expenditures respectively and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$250,000. The construction period may be as little as one week or as long as several months.

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 ALLOWANCE FOR WORKING CAPITAL
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-5
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\sch B-5
 PAGE 1 OF 2
 Witness Responsible L. Bridwell

DATA: X, BASE PERIOD, FORECASTED PERIOD
 TYPE OF FILING: X, ORIGINAL, UPDATED, REVISED
 WORKPAPER REFERENCE NO(S): SCH 5.1/5.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2	Working Capital	Lead/Lag Study	B-5-2, Page 1/3	\$3,946,000	100.00%	\$3,946,000
3						
4						
5						
6						
7	Materials and Supplies	24-Month Average Balance	B-5-1, Page 1/2	\$813,037	100.00%	\$813,037

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 ALLOWANCE FOR WORKING CAPITAL
 AS OF AUGUST 31, 2017

Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-5
 EXHIBIT 37, SCHEDULE B-5
 PAGE 2 OF 2
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD __X_ FORECASTED PERIOD
 TYPE OF FILING: __X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): SCH 5.1/5.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3						
4						
5						
6	Working Capital	Lead/Lag Study	B-5-2, Page 1/3	\$5,208,000	100.00%	\$5,208,000
7						
8						
9	Materials and Supplies	24 Month Average Balance	B-5-1, Page 2/2	\$813,037	100.00%	\$813,037
10						

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 WORKING CAPITAL - LEAD/LAG STUDY
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-5.2
 Rate Base With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-5
 PAGE 1 OF 6
 Witness Responsible L. Birdwell

DATA: X_ BASE PERIOD FORECASTED PERIOD
 TYPE OF FILING: X_ ORIGINAL _ UPDATED _ REUSED
 WORKPAPER REFERENCE NO(S):

Line No.	Description	Days	Amount
1			
2			
3	Total Operating Funds		<u>\$92,050,256</u>
4			
5	Average Daily Operating Funds		252,192
6			
7	Composite Average Days Interval Between:		
8			
9	(A) Date Service Furnished and Date Collections Deposited	43.92	
10			
11	(B) Date Expenses Incurred and Date of Payment	<u>28.27</u>	
12			
13	(C) Net Interval	<u>15.65</u>	
14			
15	Total Working Capital		<u>\$3,946,075</u>
16			
17	Use		<u>\$3,946,000</u>
18			

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00438
 WORKING CAPITAL - LEAD/LAG STUDY
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-5.2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\sch. B-5
 PAGE 2 OF 6
 Witness Responsible L. Bridwell

DATA: X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Description	Amount	Post Payment		Dollar Days
			(Lead)	Days	
1					
2	Salaries & Wages	7,103,811		12.00	\$85,245,732
3	Fuel, Power and Electric	3,889,124		33.10	128,776,012
4	Chemicals	1,619,489		49.29	79,824,709
5	Purchased Water	271,476		49.73	13,500,183
6	Waste Disposal	275,269		62.23	17,129,990
7	Service Company Charges	8,165,618		(7.58)	(61,906,000)
8	Contracted Services	1,024,472		55.83	57,199,303
9	Group Insurance	1,451,971		10.92	12,583,708
10	Opeb	505,481		(2.75)	(1,390,073)
11	Other Benefits	430,089		10.24	4,406,085
12	Pensions	630,347		(2.75)	(1,733,454)
13	Insurance Other than Group	798,704		(82.79)	(66,121,891)
14	Rents	20,498		43.08	883,051
15	Regulatory Expense	287,496		0.00	0
16	Maintenance Service & Supplies	1,722,270		56.13	96,675,464
17	Amortization	439,721		0.00	0
18	Uncollectibles	794,406		0.00	0
19	Office Supplies & Services	241,083		59.67	14,385,874
20	Employee Related Exp. Travel & Ent	168,708		46.10	7,776,931
21	Other Operating Expenses	3,652,813			163,566,760
22	Total O & M Expenses	33,192,846		44.78	550,752,384
23	Depreciation and Amortization	13,739,852		0.00	0
24	Property Taxes	5,267,365		144.30	760,068,691
25	Utility Tax	681,674		(154.77)	(105,502,685)
26	Payroll Taxes	535,550		12.00	6,426,600
27	Income Taxes - Current - SIT	1,051,218		55.61	58,452,977
28	Income Taxes - Current - FIT	5,545,518		36.75	203,797,787
29	Deferred Income Taxes	3,991,235		0.00	0
30	Interest Expense - Long - Term Debt	11,848,504		93.58	1,108,731,531
31	Interest Expense - Short - Term Debt	106,197		15.02	1,595,057
32	Preferred Dividends	381,156		46.63	17,771,399
33	Net Income	15,709,141		0.00	0
34	Net Operating Funds	\$92,050,256			\$2,602,093,741
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					

Average Days Interval between Date Expenses are Incurred and Date of Payment

28.27

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 WORKING CAPITAL - LEAD/LAG STUDY
 AS OF APRIL 30, 2016

Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-5
 EXHIBIT 37, SCHEDULE B-5.2
 PAGE 3 OF 6
 Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	Revenues Amount	Median Service Days	Dollar Days
2			
3	Monthly - Arrears Full Bills	15.80	\$1,308,395,236
4			
5	Other Revenues	15.80	36,121,894
6			
7	Fire Service	15.75	42,769,405
8			
9	<u>Total</u>		<u>\$1,387,286,535</u>
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21	Average Median Service Days	15.80	
22	Number of Days between the Reading Date and the Billing Date	3.68	
23			
24	Number of Days between the Billing Date and the Date the Bills are Paid	24.44	
25			
26			
27	Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received	43.92	
28			
29			

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 WORKING CAPITAL - LEAD/LAG STUDY
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-5.2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-5
 PAGE 4 OF 6
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD ___X_ FORECASTED PERIOD
 TYPE OF FILING: ___X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):
 AGDR2/19(4, 5, & 6)

Line No.	Description	Days	Amount
1			
2			
3	Total Operating Funds		\$97,600,071
4			
5	Average Daily Operating Funds		267,397
6			
7	Composite Average Days Interval Between:		
8	(A) Date Service Furnished and Date Collections Deposited	44.65	
9			
10			
11	(B) Date Expenses Incurred and Date of Payment	25.17	
12			
13	(C) Net Interval	19.48	
14			
15	Total Working Capital		\$5,707,937
16			
17	Use		\$5,208,000
18			

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00438
 WORKING CAPITAL - LEAD/LAG STUDY
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-5.2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-5
 PAGE 5 OF 6
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD __X_ FORECASTED PERIOD
 TYPE OF FILING: __X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

Line No.	DESCRIPTION	Amount	Post Payment		Dollar Days
			(Lead)	(Lag)	
1	Salaries & Wages	7,352,130		12.00	88,215,565
2	Fuel, Power and Electric	4,011,587		33.10	132,779,412
4	Chemicals	1,768,979		49.29	58,531,530
5	Purchased Water	230,255		49.73	11,450,311
6	Waste Disposal	377,380		62.23	23,484,357
7	Service Company Charges	8,603,681		(7.58)	(65,227,089)
8	Contracted Services	758,671		55.83	42,358,846
9	Group Insurance	1,242,269		10.92	14,662,450
10	Opeb	581,184		(2.75)	(1,396,236)
11	Other Benefits	492,821		10.24	5,048,747
12	Pensions	602,070		(2.75)	(1,655,693)
13	Insurance Other than Group	805,579		(82.79)	(66,691,048)
14	Rents	20,528		43.08	884,343
15	Regulatory Expense	290,523		0.00	0
16	Maintenance Service & Supplies	1,764,968		56.13	99,072,193
17	Amortization	450,622		0.00	0
18	Uncollectibles	685,226		0.00	0
19	Office Supplies & Services	283,442		59.67	16,913,515
20	Employee Related Exp, Travel & Ent	167,257		46.10	7,479,560
21	Other Operating Expenses	3,693,208		44.78	165,325,580
22	Total O & M Expenses	34,276,781			310,089,346
23	Depreciation and Amortization	15,175,222		0.00	0
24	Property Taxes	5,440,027		144.30	784,583,355
25	Utility Tax	167,669		(154.77)	(25,950,133)
26	Payroll Taxes	576,225		12.00	6,914,696
27	Income Taxes - Current - SIT	1,140,785		55.61	63,433,377
28	Income Taxes - Current - FIT	5,055,630		36.75	185,794,407
29	Deferred Income Taxes	1,527,963		0.00	0
30	Interest Expense - Long - Term Debt	11,982,736		98.58	1,121,292,333
31	Interest Expense - Short - Term Debt	70,509		15.02	1,059,029
32	Preferred Dividends	190,575		46.63	8,885,559
33	Net Income	21,895,951		0.00	0
34	Net Operating Funds	\$97,600,071			\$2,456,501,969
35					
36					
37					
38					
39					
40					
41					
42					
43					

Average Days Interval between Date Expenses are Incurred and Date of Payment

25.17

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
 WORKING CAPITAL - LEAD/LAG STUDY
 AS OF AUGUST 31, 2017

EXHIBIT 37, SCHEDULE B-5.2
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-5
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 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):
 AGDR2#15(4, 5, & 6)

Line No.	Revenues Amount	Median Service Days	Dollar Days
2			
3	\$82,811,474	15.80	\$1,308,711,986
4			
5	2,174,648	15.80	\$34,967,072
6			
7	2,699,847	15.75	42,514,257
8			
9	<u>\$87,685,969</u>		<u>\$1,385,593,315</u>
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			

Monthly - Arrears Full Bills			
Other Revenues			
Fire Service			
Total			
Average Median Service Days	15.80		
Number of Days between the Reading Date and the Billing Date	3.68		
Number of Days between the Billing Date and the Date the Bills are Paid	25.17		
Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received	44.65		

KENTUCKY-AMERICAN WATER COMPANY
 Case No. 2015-00418
DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES
 AS OF APRIL 30, 2016

EXHIBIT 37, SCHEDULE B-6
 Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-6
 PAGE 1 OF 2
 Witness Responsible L. Birdwell

DATA: X BASE PERIOD FORECASTED PERIOD
 TYPE OF FILING: X ORIGINAL UPDATED REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Acct No.	Description	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
2	252	Customer Advances	W/P-1-6	\$13,675,378	100.00%	\$13,675,378
4	271	Contributions in Aid of Construction	W/P-1-7	\$58,143,200		\$58,143,200
7	255	Investment Tax Credits:	W/P-1-9	\$38,059		\$38,059
8		Pre-1971 3% Credit				
9		1971-1975 4% Credit				
10		1975-12/31/85 10% Credit				
11						
12				\$38,059		\$38,059
13						
14						
15						
16	282	Deferred Taxes:	W/P-1-8	\$70,487,725		\$70,487,725
17		Utility Plant in Service	W/P-1-8	2,805,759		2,805,759
18		Deferred Maintenance	W/P-1-8	547,702		547,702
19		Deferred Debits				
20						
21						
22						
23						
24				\$73,841,186		\$73,841,186

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2015-0041B

DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES

AS OF AUGUST 31, 2017

Rate Base\With Slippage\Exhibit 37 Schedules B1 - B8 8.31.2017 with slippage.xlsx\Sch B-6
 EXHIBIT 37, SCHEDULE B-6
 PAGE 2 OF 2
 Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Acct No.	Description	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount	13-Month Average Balance
2	252	Customer Advances	W/P-1-6	\$14,387,463	100.00%	\$14,387,463	\$14,165,191
3							
4	271	Contributions in Aid of Construction	W/P-1-7	\$59,134,225		\$59,134,225	\$58,948,292
5							
6	255	Investment Tax Credits:	W/P-1-9	\$27,856		\$27,856	\$51,363
7		Pre 1971 3% Credit					
8		1971-1975 4% Credit					
9		1975-12/31/85 10% Credit					
10							
11							
12							
13							
14							
15							
16	282	Deferred Taxes:	W/P-1-8	\$76,057,823		\$76,057,823	\$74,028,720
17		Utility Plant in Service	W/P-1-8	3,825,873		3,825,873	3,711,049
18		Deferred Maintenance	W/P-1-8	518,096		518,096	529,198
19		Deferred Debits					
20							
21							
22							
23							
24				\$80,401,792		\$80,401,792	\$78,268,967

Kentucky American Water Company
Case No. 2015-00418
Jurisdictional Operating Income Summary for the Base and Forecasted Periods

Data: X Base Period X Forecast Period
 Version: X Original Updated Revised

Exhibit 37, Schedule C-1
 Public Workpapers\Income Statement.xlsx\Inc Statment - SCH C.1

Line No.	Major Acct. Group	Description	Supporting Schedule Reference	Base Period Ended 4/30/2016	Adjustment for Forecast at Present Rates	Forecast Year Ended 8/31/2017 At Present Rates	Adjustment for Proposed Rates	Forecast Year at Proposed Rates	Forecast Adjustment Workpaper	Forecast Adjustment Workpaper Location
1		Operating Revenues								
2	400	Water Revenues	Exh 37 C-2	\$88,223,531	(\$2,712,210)	\$85,511,321	\$13,751,567	\$99,262,888	Exhibit 37, Schedule M-1	Revenues\KY Revenue Exhibit.xlsx\Exhibit
3	400	Other Revenues	Exh 37 C-2	2,285,688	(111,040)	2,174,648	0	2,174,648	Exhibit 37, Schedule M-1	Revenues\KY Revenue Exhibit.xlsx\Exhibit
4	420	AFUDC	Exh 37 C-3	0	669,301	669,301		669,301	W/P - 1-4	Rate Base\Rate Base KY Capital through 08.31.2017.xlsx\Link Out
5	Total	Total Revenues (Sum Lines 2-3)		<u>\$90,509,219</u>	<u>(\$2,153,949)</u>	<u>\$88,355,270</u>	<u>\$13,751,567</u>	<u>\$102,106,837</u>		
6										
7	401	Operating Expenses								
8		O&M:								
9		Purchased Water	Exh 37 C-2	\$271,476	(\$41,221)	\$230,255	\$0	\$230,255	W/P - 3-2	O&M\[Purchased Water Expense Exhibit.xlsx\Exhibit
10		Fuel & Power	Exh 37 C-2	3,889,124	122,463	4,011,587	0	4,011,587	W/P - 3-3	O&M\[Fuel and Power Expense Exhibit.xlsx\Exhibit
11		Chemicals	Exh 37 C-2	1,619,489	148,890	1,768,379	0	1,768,379	W/P - 3-4	O&M\[Chemical Expense Exhibit.xlsx\Exhibit
12		Waste Disposal	Exh 37 C-2	275,269	102,111	377,380	0	377,380	W/P - 3-5	O&M\[Waste Disposal Expense Exhibit.xlsx\Exhibit
13		Salaries and Wages	Exh 37 C-2	7,103,811	248,319	7,352,130	0	7,352,130	W/P - 3-1	O&M\[Labor and Labor Related Exhibit.xlsx\Labor Exhibit
14		Pension	Exh 37 C-2	630,347	(28,277)	602,070	0	602,070	W/P - 3-1c	O&M\[Labor and Labor Related Exhibit.xlsx\Pension Exhibit
15		Group Insurance	Exh 37 C-2	1,657,452	266,001	1,923,453	0	1,923,453	W/P - 3-1a	O&M\[Labor and Labor Related Exhibit.xlsx\Group Ins Exhibit
16		Other Benefits	Exh 37 C-2	430,089	62,732	492,821	0	492,821	W/P - 3-1b	O&M\[Labor and Labor Related Exhibit.xlsx\Other Benefits Exhibit
17		Support Services	Exh 37 C-2	8,165,618	438,063	8,603,681	0	8,603,681	W/P - 3-7	O&M\[Support Services Exhibit.xlsx\Exhibit
18		Contract Services	Exh 37 C-2	1,024,472	(265,801)	758,671	0	758,671	W/P - 3-18	O&M\[Contract Services Expense Exhibit.xlsx\Exhibit
19		Building Maintenance & Services	Exh 37 C-2	529,544	66,158	595,702	0	595,702	W/P - 3-12	O&M\[Building Maintenance & Services Exhibit.xlsx\Exhibit
20		Telecommunications	Exh 37 C-2	239,058	11,490	250,548	0	250,548	W/P - 3-14	O&M\[Telecommunications Expense Exhibit.xlsx\Exhibit
21		Postage, Printing, & Stationary	Exh 37 C-2	29,271	(6,741)	22,530	0	22,530	W/P - 3-15	O&M\[Postage, Printing & Stationary Expense Exhibit.xlsx\Exhibit
22		Office Supplies & Services	Exh 37 C-2	241,083	42,359	283,442	0	283,442	W/P - 3-16	O&M\[Office Supplies & Services Expense Exhibit.xlsx\Exhibit
23		Advertising & Marketing	Exh 37 C-2	20,040	(20,040)	0	0	0	W/P - 3-17	O&M\[Advertising & Marketing Exhibit.xlsx\Exhibit
24		Employee Related Expense	Exh 37 C-2	168,708	(6,451)	162,257	0	162,257	W/P - 3-19	O&M\[Employee Related Expense Exhibit.xlsx\Exhibit
25		Miscellaneous Expense	Exh 37 C-2	1,319,241	(385,214)	934,027	0	934,027	W/P - 3-20	O&M\[Miscellaneous Expense Exhibit.xlsx\Exhibit
26		Rents	Exh 37 C-2	20,498	30	20,528	0	20,528	W/P - 3-11	O&M\[Rent Expense Exhibit.xlsx\Exhibit
27		Transportation	Exh 37 C-2	405,020	23,821	428,841	0	428,841	W/P - 3-21	O&M\[Transportation Lease Expense Exhibit.xlsx\Exhibit
28		Uncollectible Accounts	Exh 37 C-2	794,406	(109,180)	685,226	107,463	792,689	W/P - 3-10	O&M\[Uncollectibles Accounts Exhibit.xlsx\Exhibit
29		Other Customer Accounting	Exh 37 C-2	1,110,639	350,921	1,461,560	0	1,461,560	W/P - 3-9	O&M\[Customer Accounting-Postage Exhibit.xlsx\Exhibit
30		Regulatory Expense	Exh 37 C-2	287,496	3,027	290,523	0	290,523	W/P - 3-6	O&M\[Regulatory Expense Exhibit.xlsx\Exhibit
31		Insurance Other Than Group	Exh 37 C-2	798,704	6,875	805,579	0	805,579	W/P - 3-8	O&M\[Insurance Other than Group Exhibit.xlsx\Exhibit
32		Maintenance Supplies & Services	Exh 37 C-2	2,161,991	53,599	2,215,590	0	2,215,590	W/P - 3-13	O&M\[Maintenance Supplies & Services Exhibit.xlsx\Exhibit
33	Total	Total O&M Expenses (Sum of Lines 9-32):		<u>\$33,192,846</u>	<u>\$1,083,935</u>	<u>\$34,276,781</u>	<u>\$107,463</u>	<u>\$34,384,244</u>		
34										
35		Other Expenses								
36	403	Depreciation - Net of CIAC Amort	Exh 37 C-2	\$13,500,782	\$1,492,268	\$14,993,050	\$0	\$14,993,050	W/P - 4-1	Rate Base\Rate Base KY Capital through 08.31.2017.xlsx\Link Out
37	406	Amortization of UPAA	Exh 37 C-2	8,556	(8,556)	0	0	0	W/P - 4-2	Rate Base\Amortization Expense Workpaper.xlsx\Exhibit
38	407	Amortization Expense	Exh 37 C-2	230,514	(3,387)	227,127		227,127	W/P - 4-2	Rate Base\Amortization Expense Workpaper.xlsx\Exhibit
39		State Income Tax	Exh 37 C-2							
40	409	Current State Income Tax	Exh 37 C-2	1,051,218	105,050	1,156,268	817,076	1,973,345	SCHEDULE E-1.4	Taxes\[Income Tax Exhibit.xlsx\E-1.4 State Inc Tax Forecast
41	410	Deferred State Income Tax	Exh 37 C-2	472,654	(467,288)	5,366	0	5,366	SCHEDULE E-1.4	Taxes\[Income Tax Exhibit.xlsx\E-1.4 State Inc Tax Forecast
42		Federal Tax	Exh 37 C-2							
43	409	Current Federal Income Tax	Exh 37 C-2	5,545,518	(411,868)	5,133,650	4,480,307	9,613,957	SCHEDULE E-1.3	Taxes\[Income Tax Exhibit.xlsx\E-1.3 Federal Inc Tax Forecast
44	410	Deferred Federal Income Tax	Exh 37 C-2	3,518,581	(2,108,079)	1,410,502	0	1,410,502	SCHEDULE E-1.3	Taxes\[Income Tax Exhibit.xlsx\E-1.3 Federal Inc Tax Forecast
45	412	Investment Tax Credits	Exh 37 C-2	(84,792)	8,324	(76,468)	0	(76,468)	SCHEDULE E-1.3	Taxes\[Income Tax Exhibit.xlsx\E-1.3 Federal Inc Tax Forecast
46	408	General taxes	Exh 37 C-2	6,484,589	(283,866)	6,200,723	26,139	6,226,862	W/P - 5-1	O&M\[General Tax Exhibit.xlsx\Exhibit - General Tax
48	Total	Total Other Expense (Sum of Lines 36 -41)		<u>\$30,727,620</u>	<u>(\$1,677,401)</u>	<u>\$29,050,219</u>	<u>\$5,323,523</u>	<u>\$34,373,742</u>		
49										
50		Total Expenses (Line 33 + Lines 42):		<u>\$63,920,466</u>	<u>(\$593,466)</u>	<u>\$63,327,000</u>	<u>\$5,430,986</u>	<u>\$68,757,986</u>		
51										
52		Utility Operating Income (Line 5 - Line 44):		<u>\$26,588,753</u>	<u>(\$1,560,483)</u>	<u>\$25,028,270</u>	<u>\$8,320,581</u>	<u>\$33,348,851</u>		

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: Base Period Forecast Period
 Version: Original Updated Revised

Exhibit 37, Schedule C-2
 Public Workpapers\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period 12 Months Ended 4/30/2016	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo Ended 8/31/2017
1								
2	400	Water revenues	40111000	Res Sales Billed	461.1	\$48,233,803	(\$635,865)	\$47,597,938
3			40111100	ResSls Billed Surch	461.1	(155)	155	0
4			40112000	Res Sales Unbilled	461.1	254,323	(254,323)	0
5			40121000	Com Sales Billed	461.2	22,074,757	(906,362)	21,168,395
6			40122000	Com Sales Unbilled	461.2	288,581	(288,581)	0
7			40131000	Ind Sales Billed	461.3	2,536,992	3,491	2,540,483
8			40132000	Ind Sales Unbilled	461.3	21,350	(21,350)	0
9			40141000	Publ Fire Billed	462.1	3,764,401	(23,895)	3,740,506
10			40145000	Priv Fire Billed	462.2	2,716,050	(16,203)	2,699,847
11			40146000	Priv Fire Unbilled	462.2	0	0	0
12			40151000	Publ Auth Billed	462.2	6,169,507	(264,741)	5,904,766
13			40152000	Publ Auth Unbilled	461.4	109,419	(109,419)	0
14			40161000	Sls/Rsle Billed	461.4	1,872,719	(111,442)	1,761,277
15			40161050	Sls/Rsle Billed I/C	466.	13,465	0	13,465
16			40162000	SalesforRsle Unbilld	467.	42,842	(42,842)	0
17			40171000	Misc Sales Billed	466.	122,299	(37,755)	84,544
18			40172000	Misc Sales Unbilled	474.	3,078	(3,078)	0
19			40189900	Other Water Revenue	474.	100	0	100
20				Total		88,223,531	(2,712,210)	85,511,321
21								
22	420	AFUDC			420	0	669,301	669,301
23				Total		0	669,301	669,301
24								
25	400	Other revenues	40310100	OthRev-Late Pymt Fee	470.	952,621	(99,981)	852,640
26			40310200	OthRev-Rent	472.	75,358	(5,674)	69,684
27			40310250	OthRev-Rent I/C	473.	50,904	14,496	65,400
28			40310300	OthRev-CFO	471.	0	0	0
29			40310400	OthRev-NSF Ck Chrg	471.	30,740	1,402	32,142
30			40310500	OthRev-App/InitFee	471.	754,380	(10,837)	743,543
31			40310600	OthRev-Usage Data	471.	51,945	689	52,634
32			40310700	OthRev-Reconnect Fee	471.	331,964	(32,359)	299,605
33			40319900	OthRev-Misc Svc	471.	37,776	21,224	59,000
34			40359900	OthRev WW-Misc Svc	536.	0	0	0
35				Total		2,285,688	(111,040)	2,174,648
36								
37	401	Purchased water	51010000	Purchased Water	610.1	271,476	(41,221)	230,255
38			51015000	Purchased Water I/C	610.1	0	0	0
39				Total		271,476	(41,221)	230,255
40								
41	401	Fuel and power	51510000	Purchased Power	615.8	1,704,680	(1,704,680)	0
42			51510011	Purchased Power SS	615.1	107,692	90,200	197,892
43			51510012	Purchased Power P	615.1	342,738	287,067	629,805
44			51510013	Purchased Power WT	615.3	1,793,377	1,502,078	3,295,455
45			51510014	Purchased Power TD	615.5	(60,713)	(50,851)	(111,564)
46			51520000	Fuel for Power Prod	616.1	1,350	(1,350)	0
47				Total		3,889,124	122,463	4,011,587
48								
49	401	Chemicals	51800000	Chemicals	618.3	1,619,489	148,890	1,768,379
50				Total		1,619,489	148,890	1,768,379
51								
52	401	Waste disposal	51110000	Waste Disposal	675.3	200,272	74,291	274,563
53			51120000	Amort Waste Disposal	675.3	74,997	27,820	102,817
54				Total		275,269	102,111	377,380
55								
56	401	Salaries and wages	50100000	Labor Expense	601.8	4,892,109	(4,892,109)	0
57			50100001	Labor ExpenseAccrual	601.8	(96,797)	96,797	0
58			50101210	Labor Oper P PwrProd	601.1	0	0	0
59			50101300	Labor Oper WT	601.3	838,475	1,823,351	2,661,826
60			50101305	Labor Oper WT SupEng	601.3	67,853	147,553	215,406
61			50101400	Labor Oper TD	601.5	166,401	361,856	528,257
62			50101405	Labor Oper TD SupEng	601.5	27,353	59,482	86,835
63			50101415	Labor Oper TD Lines	601.5	29,732	64,655	94,387
64			50101420	Labor Oper TD Meter	601.5	295,471	642,532	938,003
65			50101500	Labor Oper CA	601.7	9,186	19,976	29,162
66			50101510	Labor Oper CA MtrRd	601.7	108,394	235,714	344,108
67			50101515	Labor Oper CA CstRec	601.7	0	0	0
68			50101520	Labor Oper CA CstSrv	601.7	103,489	225,048	328,537
69			50101600	Labor Oper AG	601.8	393,673	856,083	1,249,756
70			50102215	Labor Mnt P PwrProd	601.2	0	0	0
71			50102300	Labor Maint WT	601.4	66,853	145,379	212,232
72			50102400	Labor Maint TD	601.6	221,992	482,745	704,737
73			50102410	Labor Mnt TD Str&Imp	601.6	0	0	0
74			50102420	Labor Mnt TD Mains	601.6	28,499	61,974	90,473
75			50102425	Labor Mnt TD FireMn	601.6	0	0	0

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Version: X Original Updated Revised

Exhibit 37, Schedule C-2
Public Workpapers\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period 12 Months Ended 4/30/2016	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo Ended 8/31/2017
76			50102430	Labor Mnt TD Service	601.6	89,542	194,718	284,260
77			50102435	Labor Mnt TD Meter	601.6	42,339	92,071	134,410
78			50102440	Labor Mnt TD Hydrant	601.6	33,314	72,445	105,759
79			50109900	Labor Cap Credits	601.8	(1,355,325)	(206,485)	(1,561,810)
80			50110000	Labor NS OT -Natural	601.8	417,150	(417,150)	0
81			50111210	LaborOperNS OT P PP	601.1	0	0	0
82			50111300	LaborOper NS OT WT	601.3	178,569	75,433	254,002
83			50111400	LaborOper NS OT TD	601.5	39,356	16,625	55,981
84			50111405	LaborOperNS OT TD SE	601.5	0	0	0
85			50111415	LaborOperNS OT TD Ln	601.5	2,727	1,152	3,879
86			50111420	LaborOperNS OT TD Mt	601.5	87,889	37,127	125,016
87			50111500	LaborOper NS OT CA	601.7	368	155	523
88			50111510	LaborOperNS OT CA MR	601.7	16,459	6,953	23,412
89			50111520	LaborOperNS OT CA CS	601.7	4,812	2,033	6,845
90			50111600	LaborOper NS OT AG	601.8	1,410	596	2,006
91			50112215	LaborMaintNSOT P PP	601.2	0	0	0
92			50112300	LaborMaint NS OT WT	601.4	33,624	14,204	47,828
93			50112400	LaborMaint NS OT TD	601.6	46,090	19,470	65,560
94			50112420	LaborMaintNSOT TD Mn	601.6	21,643	9,143	30,786
95			50112430	LaborMaintNSOT TD Sv	601.6	33,315	14,073	47,388
96			50112435	LaborMaintNSOT TD Mt	601.6	3,366	1,422	4,788
97			50112440	LaborMaintNSOT TD Hy	601.6	1,124	475	1,599
98			50119900	LaborNSOT CapCredits	601.8	(119,878)	36,707	(83,171)
99			50120000	Labor OT - Natural	601.8	624	(624)	0
100			50121300	LaborOper OT WT	601.3	666	281	947
101			50171000	Annual Incent Plan	601.8	282,777	21,093	303,870
102			50171600	Comp Exp-Options	601.8	4,876	(3,616)	1,260
103			50171800	Comp Exp-RSU's	601.8	51,364	(38,089)	13,275
104			50185000	Severance	601.8	32,927	(32,927)	0
105					Total:	7,103,811	248,319	7,352,130
106								
107	401	Pension expense	50610000	Pension Expense	604.8	785,272	(45,648)	739,624
108			50610100	Pension Cap Credits	604.8	(154,925)	17,371	(137,554)
109					Total	630,347	(28,277)	602,070
110								
111	401	Group insurance expense	50510000	PBOP Expense	604.8	652,903	61,063	713,966
112			50510100	PBOP Cap Credits	604.8	(147,422)	14,640	(132,782)
113			50550000	Group Insur Expense	604.8	1,449,927	198,100	1,648,027
114			50550100	Group Ins Cap Credits	604.8	(297,956)	(7,803)	(305,759)
115					Total	1,657,452	266,001	1,923,453
116								
117	401	Other benefits	50421000	401k Expense	604.8	188,798	29,833	218,631
118			50421100	401k Exp Cap Credits	604.8	(35,228)	(11,050)	(46,278)
119			50422000	DCP Expense	604.8	199,892	46,844	246,736
120			50422100	DCP Exp Cap Credits	604.8	(38,561)	(6,967)	(45,528)
121			50423000	ESPP Expense	604.8	10,652	(2,853)	7,799
122			50426000	Retiree Medical Exp	604.8	12,851	7,146	19,997
123			50426100	Retiree Med Cap Cr	604.8	(1,764)	(1,565)	(3,329)
124			50450000	Other Welfare	604.8	26,250	378	26,628
125			50450013	Other Welfare WT	604.3	568	8	576
126			50450014	Other Welfare TD	604.5	523	8	531
127			50450015	Other Welfare CA	604.7	383	6	389
128			50450016	Other Welfare AG	604.8	10,614	153	10,767
129			50451000	Employee Awards	604.8	5,915	85	6,000
130			50452000	Emp Physical Exams	604.8	4,740	68	4,808
131			50454000	Safety Incent Awards	604.8	2,700	39	2,739
132			50456000	Tuition Aid	604.8	12,975	187	13,162
133			50457000	Training	604.8	28,781	414	29,195
134			50458000	Referral Bonus	604.8	0	0	0
135					Total	430,089	62,732	492,821
136								
137	401	Service Company Costs	53401000	AWWSC Labor OPEX	634.8	3,871,463	207,694	4,079,157
138			53401100	AWWSC Pension OPEX	634.8	315,836	16,944	332,780
139			53401200	AWWSC Group Ins OPEX	634.8	506,442	27,169	533,611
140			53401300	AWWSC Other Ben OPEX	634.8	256,642	13,768	270,410
141			53401400	AWWSC Cont Svcs OPEX	634.8	597,894	32,075	629,969
142			53401500	AWWSC Off Suppl OPEX	634.8	407,754	21,875	429,629
143			53401600	AWWSC Transportaion	634.8	64,525	3,462	67,987
144			53401700	AWWSC Rents OPEX	634.8	252,402	13,541	265,943
145			53401800	AWWSC Other operting supplies	634.8	33,388	1,791	35,179
146			53401900	AWWSC Maint OPEX	634.8	286,675	15,379	302,054

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Public Workpapers\Income Statement.xlsx\MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period 12 Months Ended 4/30/2016	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo Ended 8/31/2017
147			53402100	AWWSC Oth O&M OPEX	634.8	255,212	13,691	268,903
148			53402200	AWWSC Dpr/Amrt OPEX	634.8	914,633	49,068	963,701
149			53402300	AWWSC Gen Tax OPEX	634.8	324,308	17,398	341,706
150			53402400	AWWSC Interest OPEX	634.8	83,198	4,463	87,661
151			53402500	AWWSC Oth Inc OPEX	634.8	(9,413)	(505)	(9,918)
152			53402600	AWWSC Inc Tax OPEX	634.8	4,659	250	4,909
153				Total		8,165,618	438,063	8,603,681
154								
155	401	Contracted services	53110000	Contr Svc-Eng	631.8	0	0	0
156			53110011	Contr Svc-Eng SS	631.1	770	(88)	682
157			53110016	Contr Svc-Eng AG	631.8	25,097	(2,864)	22,233
158			53150000	Contr Svc-Other	636.8	168,086	(168,086)	0
159			53150011	Contr Svc-Other SS	636.1	0	0	0
160			53150013	Contr Svc-Other WT	636.3	33,598	(3,834)	29,764
161			53150014	Contr Svc-Other TD	636.5	105,474	(12,035)	93,439
162			53150015	Contr Svc-Other CA	636.7	38,702	(4,416)	34,286
163			53150016	Contr Svc-Other AG	636.8	52,161	(5,952)	46,209
164			53151000	Contr Svc-Temp EE	636.8	0	0	0
165			53151016	Contr Svc-Temp EE AG	636.8	20,027	(2,285)	17,742
166			53152000	Contr Svc-Lab Testng	635.3	63,060	(7,195)	55,865
167			53153000	Contr Svc-Accounting	632.8	275,229	(31,404)	243,825
168			53154000	Contr Svc-Audit Fees	632.8	93,998	(10,725)	83,273
169			53155000	Contr Svc-Legal	633.8	144,348	(16,470)	127,878
170			53157000	Contr Svc-Outplacemt	675.8	3,922	(448)	3,474
171				Total		1,024,472	(265,801)	758,671
172								
173	401	Building Maintenance and Services	52532000	Electricity	675.8	73,375	(73,375)	0
174			52532011	Electricity SS	675.1	356	566	922
175			52532013	Electricity WT	675.3	3,642	5,788	9,430
176			52532014	Electricity TD	675.5	14,253	22,653	36,906
177			52532016	Electricity AG	675.8	32,858	52,223	85,081
178			52546000	Grounds Keeping	675.8	54,084	(54,084)	0
179			52546011	Grounds Keeping SS	675.1	0	0	0
180			52546013	Grounds Keeping WT	675.3	4,756	7,559	12,315
181			52546014	Grounds Keeping TD	675.5	16,333	25,959	42,292
182			52546016	Grounds Keeping AG	675.8	44,908	71,375	116,283
183			52548000	Heating Oil/Gas	675.8	42,864	(42,864)	0
184			52548013	Heating Oil/Gas WT	675.3	886	1,408	2,294
185			52548014	Heating Oil/Gas TD	675.5	(1,960)	(3,115)	(5,075)
186			52548016	Heating Oil/Gas AG	675.8	(471)	(749)	(1,220)
187			52550000	Janitorial	675.8	35,024	(35,024)	0
188			52550013	Janitorial WT	675.3	2,737	4,350	7,087
189			52550014	Janitorial TD	675.5	5,135	8,161	13,296
190			52550016	Janitorial AG	675.8	16,811	26,719	43,530
191			52571000	Security Svc	675.8	36,398	(36,398)	0
192			52571011	Security Svc SS	675.1	8,434	13,405	21,839
193			52571014	Security Svc TD	675.5	156	248	404
194			52571016	Security Svc AG	675.8	16,486	26,202	42,688
195			52571100	Add'l Security Costs	675.8	964	1,532	2,496
196			52578000	Trash Removal	675.8	10,878	(10,878)	0
197			52578013	Trash Removal WT	675.3	4,981	7,917	12,898
198			52578014	Trash Removal TD	675.5	0	0	0
199			52578016	Trash Removal AG	675.8	6,325	10,053	16,378
200			52583000	Water & WW	675.8	46,864	(46,864)	0
201			52583011	Water & WW SS	675.1	39,796	63,250	103,046
202			52583013	Water & WW WT	675.3	0	0	0
203			52583016	Water & WW AG	675.8	12,671	20,139	32,810
204				Total		529,544	66,158	595,702
205								
206	401	Telecommunication expenses	52574000	Telephone	675.8	84,025	(84,025)	0
207			52574013	Telephone WT	675.3	7,957	8,782	16,739
208			52574014	Telephone TD	675.5	2,416	2,666	5,082
209			52574015	Telephone CA	675.7	52,074	57,472	109,546
210			52574016	Telephone AG	675.8	11,605	12,808	24,413
211			52574100	Cell Phone	675.8	35,932	(35,932)	0
212			52574111	Cell Phone SS	675.1	0	0	0
213			52574113	Cell Phone WT	675.3	2,883	3,182	6,065
214			52574114	Cell Phone TD	675.5	605	668	1,273
215			52574115	Cell Phone CA	675.7	4,192	4,627	8,819
216			52574116	Cell Phone AG	675.8	37,316	41,184	78,500

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Public Workpapers\Income Statement.xlsx\MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period 12 Months Ended 4/30/2016	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo Ended 8/31/2017
217			52574200	Data Lines AG	675.8	53	58	111
218				Total		239,058	11,490	250,548
219								
220	401	Postage, printing and stationary	52562500	Overnight Shippng	675.8	8,740	(8,740)	0
221			52562511	Overnight Shippng SS	675.1	0	0	0
222			52562513	Overnight Shippng WT	675.3	8,954	993	9,947
223			52562514	Overnight Shippng TD	675.5	283	31	314
224			52562516	Overnight Shippng AG	675.8	1,279	142	1,421
225			52566000	Postage	675.8	250	(250)	0
226			52566016	Postage AG	675.8	1,179	131	1,310
227			52566700	Printing	675.8	8,586	952	9,538
228				Total		29,271	(6,741)	22,530
229								
230	401	Office supplies and services	52512500	Books&Publications	675.8	113	53	166
			52526100	Credit Line Fees I/C	675.8	91,300	42,731	134,031
231			52542016	Forms AG	675.8	1,493	699	2,192
232			52562000	Office Supplies	675.8	28,030	(28,030)	0
233			52562011	Off&Adm Supplies SS	675.1	0	0	0
234			52562013	Off&Adm Supplies WT	675.3	5,188	2,428	7,616
235			52562014	Off&Adm Supplies TD	675.5	3,411	1,596	5,007
236			52562015	Off&Adm Supplies CA	675.7	0	0	0
237			52562016	Off&Adm Supplies AG	675.8	17,533	8,206	25,739
238			52571500	Software Licenses	675.8	57,387	26,859	84,246
239			52582000	Uniforms	675.7	19,967	(19,967)	0
239			52582012	Uniforms P	675.3	197	92	289
240			52582013	Uniforms WT	675.3	7,872	3,684	11,556
241			52582014	Uniforms TD	675.5	7,511	3,515	11,026
242			52582016	Uniforms AG	675.7	1,072	502	1,574
243			52801100	Indirect OH Clearing	675.8	9	(9)	0
244				Total		241,083	42,359	283,442
245								
246	401	Advertising & marketing expenses	52503000	Advertising	660.8	20,040	(20,040)	0
247				Total		20,040	(20,040)	0
248								
249	401	Employee Related Expense	52534000	Employee Expenses	675.8	106,511	(4,073)	102,438
250			52534021	Travel - Meals	675.8	12,163	(465)	11,698
251			52534200	Conferences & Reg	675.8	12,410	(475)	11,935
252			52535000	Meals Deductible	675.8	37,355	(1,428)	35,927
253			52535100	Meals Nondeductible	675.8	0	0	0
254			52567000	Relocation Expenses	675.8	269	(10)	259
255				Total		168,708	(6,451)	162,257
256								
257	401	Miscellaneous expenses	52000000	M&S Expense (O&M)	620.5	65,368	(65,368)	0
258			52001000	M&S Expense (O&M)	620.5	82,096	(82,096)	0
259			52001100	M&S Oper SS	620.1	117	(23)	94
260			52001200	M&S Oper P	620.1	306	(59)	247
261			52001300	M&S Oper WT	620.3	34,148	(6,577)	27,571
262			52001400	M&S Oper TD	620.5	(16,385)	3,156	(13,229)
263			52001600	M&S Oper AG	620.8	10,496	(2,022)	8,474
264			52500000	Misc Expense (O&M)	675.8	14,942	(14,942)	0
265			52501200	Misc Oper P	675.1	16	(3)	13
266			52501300	Misc Oper WT	675.3	11,355	(2,187)	9,168
267			52501400	Misc Oper TD	675.5	30,441	(5,863)	24,578
268			52501600	Misc Oper AG	675.8	64,326	(12,389)	51,937
269			52514000	Charitb Contr Deduct	675.8	2,968	(572)	2,396
270			52514500	Charitb Don-H/Ed/En	675.8	76,700	(14,773)	61,927
271			52514600	Charitb Don-Commnty	675.8	45,386	(8,741)	36,645
272			52514700	Community Partnrsps	675.8	74,064	(14,265)	59,799
273			52514901	Cust Edu Comm-Reg	675.8	2,070	(399)	1,671
274			52514903	Cust Edu Comm-Issues	675.8	25,211	(4,856)	20,355
275			52514904	Cust Edu Comm-Consrv	675.8	99,659	(19,194)	80,465
276			52514905	Cust Edu Comm-Printd	675.8	16,101	(3,101)	13,000
277			52514907	Cust Edu-Press Rls	675.8	1,025	(197)	828
278			52514909	Cust Edu-Video&Photo	675.8	5,653	(1,089)	4,564
279			52515000	Commun Relations-E	675.8	15,128	(2,914)	12,214
280			52515001	Commun Relations-S	675.8	11,872	(2,287)	9,585
281			52522000	Community Relations	675.8	2,161	(416)	1,745
282			52524000	Co Dues/Mmbrshp Ded	675.8	95,455	(18,385)	77,070

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: Base Period Forecast Period
Version: Original Updated Revised

Exhibit 37, Schedule C-2
Public Workpapers\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period 12 Months Ended 4/30/2016	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo Ended 8/31/2017
283			52527000	Directors Fees	675.8	38,500	(7,415)	31,085
284			52528000	Dues/Membership Deductible	675.8	805	(155)	650
285			52540000	Amort Bus Svc ProjXp	675.8	0	0	0
286			52548100	Hiring Costs	675.8	137	(26)	111
287			52549000	Injuries and Damages	675.8	234	(45)	189
288			52549500	Inv Phys W/O Scrap	675.8	28,244	(5,440)	22,804
289			52554500	Lab Supplies	675.3	104,087	(20,047)	84,040
290			52556500	Low Income Pay Prog	675.8	60,000	(11,556)	48,444
291			52564000	Penalties Non-deduct	675.8	309,395	(59,590)	249,805
292			52568000	Research & Develop	675.8	22,392	(4,313)	18,079
293			52579000	Trustee Fees	675.8	20,165	(3,884)	16,281
294			52585000	Discounts Available	675.8	(35,743)	6,884	(28,859)
295			52586000	PO Small Differences	675.8	346	(67)	279
296				Total		1,319,241	(385,214)	934,027
297								
298	401	Rents	54110000	Rents-Real Prop	641.8	5,214	(5,214)	0
299			54110014	Rents-Real Prop TD	641.5	1,948	3,206	5,154
300			54140000	Rents-Equip	642.8	7,526	(7,526)	0
			54140013	Rents-Equip WT	642.3	4,408	7,256	11,664
301			54140014	Rents-Equip TD	642.5	63	104	167
302			54140016	Rents-Equip AG	642.8	1,339	2,204	3,543
303				Total		20,498	30	20,528
304								
305	401	Transportation	55000000	Transportation (O&M)	650.8	(4,914)	4,914	0
306			55000010	Transportation	650.8	2,000	(2,000)	0
307			55000012	Trans Oper P	650.1	0	0	0
308			55000013	Trans Oper WT	650.3	(165)	(8)	(173)
309			55000014	Trans Oper TD	650.5	118	6	124
310			55000015	Trans Oper CA	650.7	0	0	0
311			55000016	Trans Oper AG	650.8	1,007	52	1,059
312			55000023	Trans Maint WT	650.4	316	16	332
313			55000024	Trans Maint TD	650.6	0	0	0
314			55000100	Trans Cap Credits	650.8	(104,098)	(5,335)	(109,433)
315			55010100	Trans Lease Costs	650.8	53,371	2,735	56,106
316			55010200	Trans Lease Fuel	650.8	258,583	13,253	271,836
317			55010300	Trans Lease Maint	650.8	194,472	9,967	204,439
318			55010400	Trans Emp Reimb Co	650.8	0	0	0
319			55010500	Trans Reimb EE Prsnl	650.8	4,330	222	4,552
320				Total		405,020	23,821	428,841
321								
322	401	Uncollectible accounts expense	57010000	Uncoll Accts Exp	670.7	190,457	(26,176)	164,281
323			57010015	Uncoll Accts Exp CA	670.7	527,475	(72,494)	454,981
324			57010016	Uncoll Accts Exp AG	670.7	76,474	(10,510)	65,964
325				Total		794,406	(109,180)	685,226
326								
327	401	Customer accounting, other	52501500	Misc Oper CA	675.7	891	26	917
328			52510015	Bank Svc Charges-CA	675.7	150,342	4,335	154,677
329			52514906	Cust Edu-Bill Insert	675.8	32,981	951	33,932
330			52520000	Collection Agencies	675.7	151,932	323,280	475,212
331			52542015	Forms CA	675.7	142,513	4,109	146,622
332			52566015	Postage CA	675.7	631,980	18,221	650,201
333				Total		1,110,639	350,921	1,461,560
334								
335	401	Regulatory expense	56610000	Reg Exp-Amort	666.8	283,744	2,988	286,732
336			56620000	Reg Exp-Depr Stdy	667.8	3,752	40	3,792
337				Total		287,496	3,027	290,523
338								
339	401	Insurance other than group	55110000	Ins Vehicle	656.8	33,494	406	33,900
340			55115000	Ins Vehicle - I/C	656.8	0	0	0
341			55710000	Ins General Liability	657.8	459,905	4,555	464,460
342			55715000	Ins General Liab-I/C	657.8	0	0	0
343			55720000	Ins Work Comp	658.8	147,973	9	147,982
344			55720100	Ins W/C Cap Credits	658.8	(34,975)	(424)	(35,399)
345			55725000	Ins Work Comp-I/C	658.8	0	0	0
346			55730000	Ins Other	659.8	192,307	2,330	194,637
347			55735000	Ins Other - I/C	659.8	0	0	0
348				Total		798,704	6,875	805,579
349								
350	401	Maintenance supplies and services	62002100	M&S Maint SS	620.2	33,907	841	34,748

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: Base Period Forecast Period
Version: Original Updated Revised

Exhibit 37, Schedule C-2
Public Workpapers\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period 12 Months Ended 4/30/2016	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo Ended 8/31/2017
Amortization of investment tax credits								
405	412		69520000	ITC Restored FIT	412.11	(42,396)	42,396	0
406			69522000	ITC Restored-3%	412.11	(3,828)	(3,076)	(6,904)
407			69523000	ITC Restored-4%	412.11	(3,150)	(2,532)	(5,682)
408			69524000	ITC Restored-10%	412.11	(35,418)	(28,464)	(63,882)
409						(84,792)	8,324	(76,468)
410								
General taxes								
411	408		68520000	Property Taxes	408.11	5,267,665	179,473	5,447,138
412			68520100	Tax Discounts	408.11	(300)	300	0
413			68532000	FUTA	408.12	6,127	(403)	5,724
414			68532100	FUTA Cap Credits	408.12	(1,298)	211	(1,087)
415			68533000	FICA	408.12	625,466	60,951	686,417
416			68533100	FICA Cap Credits	408.12	(109,967)	(22,458)	(132,425)
417			68535000	SUTA	408.12	19,298	2,424	21,722
418			68535100	SUTA Cap Credits	408.12	(4,076)	(50)	(4,126)
419			68543000	Othr Taxes & Licenses	408.13	509,715	(500,024)	9,691
420			68544000	Gross Receipts Tax	408.13	2,042	(2,042)	0
421			68545000	Utility Reg Assessme	408.10	169,917	(2,248)	167,669
422						6,484,589	(283,866)	6,200,723
Operating Income = Account Groups 400+420-401-403-406-								
407-408-409-410-412								
423		Operating Income				\$26,588,753	(\$1,560,483)	\$25,028,270
424								
Breakdown by Major Account Group								
426	400	Sum Operating Revenues				90,509,219	(2,823,250)	87,685,969
427	420	Sum AFUDC				0	669,301	669,301
428	401	Sum Operating Expenses				33,192,846	1,083,935	34,276,781
429	403	Sum Depreciation Expense				13,500,782	1,492,268	14,993,050
430	406	Sum Amortization of UPAA				8,556	(8,556)	0
431	407	Sum Amortization Expense				230,514	(3,387)	227,127
432	408	Sum Taxes Other Than income				6,484,589	(283,866)	6,200,723
433	409	Sum Current Income Taxes				6,596,736	(306,818)	6,289,918
434	410	Sum Deferred Tax				3,991,235	(2,575,366)	1,415,869
435	412	Sum Investment Tax Credits				(84,792)	8,324	(76,468)
436		Operating Income Summary				\$26,588,753	(\$1,560,483)	\$25,028,270

Kentucky American Water Company

Case No. 2015-00418

Summary of Jurisdictional Adjustments to Operating Income by Major Account

Data: Base Period Forecast PeriodVersion: Original Updated Revised

Exhibit 37, Schedule D-1

Public Workpapers\[Income Statement.xlsx]MSFR IS Adjust D.1

Line Number	Major NARUC Account Group	Description	Base Period 12 Months Ended 4/30/2016	Adjust for Forecast at Present Rates	Forecast Year at Present Rates 12 Mo Ended 8/31/2017	Supporting Schedule Information
1	400 (and 420)	Operating Revenues <i>(Adjustment for Forecast Includes AFUDC, from Account Group 420, per Prior Orders re: inclusion of CWIP in Rate Base)</i>	\$90,509,219	(\$2,153,949)	\$88,355,270	See D-2
2						
3						
4	401	Operating Expenses	33,192,846	1,083,935	34,276,781	See D-2
5						
6	403	Depreciation Expense	13,500,782	1,492,268	14,993,050	See D-2
7						
8	406	Amortization of Utility Plant Acquisition Adjustments	8,556	(8,556)	0	See D-2
9						
10	407	Amortization Expense	230,514	(3,387)	227,127	See D-2
11						
12	408	Taxes Other Than Income	6,484,589	(283,866)	6,200,723	See D-2
13						
14	409	Income Taxes (Current, Utility Operating Income)	6,596,736	(306,818)	6,289,918	See D-2
15						
16	410	Provision for Deferred Income Taxes	3,991,235	(2,575,366)	1,415,869	See D-2
19						
20	412	Investment Tax Credits	(84,792)	8,324	(76,468)	See D-2
		Utility Operating Income	<u>\$26,588,753</u>	<u>(\$1,560,483)</u>	<u>\$25,028,270</u>	

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
 Version: X Original Updated Revised

Exhibit 37, Schedule D-2
 Public Workpapers\[Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 4/30/2016	Adjustment for Forecast at Present Rates	Forecast Year Ended 8/31/2017 At Present Rates	Work Paper #	Worksheet Excel Location	Description of Adjustment
1	400	Operating Revenues						
2		Water Revenues						
3		Residential Sales	\$48,487,971	(\$890,033)	\$47,597,938	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Residential Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
4		Commercial Sales	22,363,338	(1,194,943)	21,168,395	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Commercial Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
5		Industrial Sales	2,558,342	(17,859)	2,540,483	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Industrial Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
6		Public Fire	3,764,401	(23,895)	3,740,506	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Public Fire adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
7		Private Fire	2,716,050	(16,203)	2,699,847	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Private Fire adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
8		Public Authority Sales	6,278,926	(374,160)	5,904,766	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Public Authority Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
9		Sale for Resale	1,929,026	(154,284)	1,774,742	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Sale for Resale adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
10		Miscellaneous Sales	125,377	(40,833)	84,544	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Miscellaneous Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
11		Other Water Revenues	100	0	100	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	The Other Water Revenues adjustment is based on the change in billing determinants for billed water revenue.
12	400	Other Revenues						
13		OthRev-Late Pymt Fee	952,621	(99,981)	852,640	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Late Payment Fees for the forecast period.
14		OthRev-Rent	75,358	(5,674)	69,684	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Other Revenue-Rent for the forecast period.
15		OthRev-Rent I/C	50,904	14,496	65,400	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Other Revenue-Rent I/C for the forecast period.
16		OthRev-CFO	0	0	0	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Other Revenue-CFO for the forecast period.
17		OthRev-NSF Ck Chrg	30,740	1,402	32,142	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Returned Check Charges for the forecast period.
18		OthRev-Appl/InitFee	754,380	(10,837)	743,543	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Application and Initiation Fees for the forecast period.
19		OthRev-Usage Data	51,945	689	52,634	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Usage Data for the forecast period.
20		OthRev-Reconnect Fee	331,964	(32,359)	299,605	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Reconnect Fees for the forecast period.
21		OthRev-Misc Svc	37,776	21,224	59,000	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Miscellaneous Service for the forecast period.
22		OthRev WW-Misc Svc	0	0	0	Exhibit 37, Schedule M-1	Revenues\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Waster Water Miscellaneous Service for the forecast period.
23	420	AFUDC		669,301	669,301	W/P - 1-4	Rate Base\[Rate Base KY Capital through 08.31.2017.xlsx]Link Out	Adjustment to Reflect AFUDC for the Forecast Year
24		Total Water , Other & AFUDC Revenues (Sum Lines 3-23)	90,509,219	(2,153,949)	88,355,270			
25								
26	401	Operating Expense						
27		O&M:						
28		Purchased Water	271,476	(41,221)	230,255	W/P - 3-2	O&M\[Purchased Water Expense Exhibit.xlsx]Exhibit	Our purchased water amounts are expected to decrease in 2013-2014 as a result of our Northern Pipeline Connection. We will be no longer purchase water from Georgetown Municipal as a result of this project. We also experienced higher than expected purchased water in 2012 as a result of a hot dry spring and summer.

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original Updated Revised

Exhibit 37, Schedule D-2
Public Workpapers\Income Statement.xlsx\MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 4/30/2016	Adjustment for Forecast at Present Rates	Forecast Year Ended 8/31/2017 At Present Rates	Work Paper #	Worksheet Excel Location	Description of Adjustment
29		Fuel & Power	3,889,124	122,463	4,011,587	W/P - 3-3	O&M\Fuel and Power Expense Exhibit.xlsx\Exhibit	Fuel and Power adjustments are based on forecasted amounts, plus the following adjustments, The forecast for energy from KU was based on KU's current rate case increase of 10%. The amount the KU filed in their rate case is 6.5% resulting in an adjustment of 3.5%. The Owenton Plant was forecasted to shut down in August 2013. The plan has been revised so that the plant will remain open through December 2013. The result is 4 months of additional Fuel and Power expense. Northern Booster Station additional pumping process was not included in forecast for January through July 2014 (7 months).
30		Chemicals	1,619,489	148,890	1,768,379	W/P - 3-4	O&M\[Chemical Expense Exhibit.xlsx\Exhibit	Chemical adjustments are based on forecasted amounts, plus the following adjustments. The Owenton Plant was forecasted to shut down in August 2013. The plan has been revised so that the plant will remain open through December 2013. The result is 4 months of additional Fuel and Power expense.
31		Waste Disposal	275,269	102,111	377,380	W/P - 3-5	O&M\[Waste Disposal Expense Exhibit.xlsx\Exhibit	The Waste Disposal adjustment is based on the forecasted amount, plus the following adjustment. The Owenton Plant was forecasted to shut down in August 2013. The plan has been revised so that the plant will remain open through December 2013. The result is 4 months of additional Waste Disposal expense.
32		Salaries and Wages	7,103,811	248,319	7,352,130	W/P - 3-1	O&M\[Labor and Labor Related Exhibit.xlsx\Labor Exhibit	Adjustment reflects savings from reduced headcount net of wage increases. Reduced headcount is due to business realignment, meter reading efficiencies, and Northern Connection project (if approved). Wage increases include negotiated wage increases for union employees under the current contract and annual merit increases for non-union employees. Expense is net of capitalization and sewer utility charges.
33		Pension	630,347	(28,277)	602,070	W/P - 3-1c	O&M\[Labor and Labor Related Exhibit.xlsx\Pension Exhibit	Adjustment reflects current estimate for FAS 87 Pension accruals for the months August 2013 - July 2014. Expense is net of capitalization and sewer utility charges
34		Group Insurance	1,657,452	266,001	1,923,453	W/P - 3-1a	O&M\[Labor and Labor Related Exhibit.xlsx\Group Ins Exhibit	Adjustment reflects costs for all group insurances net of employee contributions, at selected plan rates where available. Costs reflect flat plan costs through September 2013, then 8% increase through July 2014, with matching increase for employee contributions beginning January 2014. Expense is net of capitalization and sewer utility charges.
35		Other Benefits	430,089	62,732	492,821	W/P - 3-1b	O&M\[Labor and Labor Related Exhibit.xlsx\Other Benefits Exhibit	Adjustment reflects costs forecasted through the budget process, including allowances for tuition assistance, training, drug screenings, health & safety incentives, and biological exposure vaccinations.
36		Support Services	8,165,618	438,063	8,603,681	W/P - 3-7	O&M\[Support Services Exhibit.xlsx\Exhibit	Adjustment reflects costs for BT-related maintenance and consulting for 2013, as well as for additional depreciation and interest related to BT and other investments. Adjustment also reflects inflation of non-labor costs and merit &/or contract increases to labor.
37		Contract Services	1,024,472	(265,801)	758,671	W/P - 3-18	O&M\[Contract Services Expense Exhibit.xlsx\Exhibit	The Contract Services adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecast budget includes contracts for lab testing, accounting, audit fees, legal, and other services such as snow removal, landscaping, and janitorial services.
38		Building Maintenance & Services	529,544	66,158	595,702	W/P - 3-12	O&M\[Building Maintenance & Services Exhibit.xlsx\Exhibit	The Building Maintenance and Services adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecasted budget is based off of 2011 actuals that show historical decrease. Groundskeeping and security costs were also reclassified in the forecasted year.
39		Telecommunications	239,058	11,490	250,548	W/P - 3-14	O&M\[Telecommunications Expense Exhibit.xlsx\Exhibit	The Telecommunications adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecasted budget is based off of 2011 actuals with no increase.
40		Postage, Printing, & Stationary	29,271	(6,741)	22,530	W/P - 3-15	O&M\[Postage, Printing & Stationary Expense Exhibit.xlsx\Exhibit	The Postage, Printing, & Stationary adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecasted budget is based off of 2011 actuals with no increase.
41		Other Supplies & Services	241,083	42,359	283,442	W/P - 3-16	O&M\[Office Supplies & Services Expense Exhibit.xlsx\Exhibit	The Office Supplies & Services Expense adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014.
42		Advertising & Marketing	20,040	(20,040)	0	W/P - 3-17	O&M\[Advertising & Marketing Exhibit.xlsx\Exhibit	The Advertising and Marketing adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. Advertising and marketing expenses have been removed in the forecast year.

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Individual Adjustments to Operating Income

Data: Base Period Forecast Period
 Version: Original Updated Revised

Exhibit 37, Schedule D-2
 Public Workpapers\[Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 4/30/2016	Adjustment for Forecast at Present Rates	Forecast Year Ended 8/31/2017 At Present Rates	Work Paper #	Worksheet Excel Location	Description of Adjustment
43		Employee Related Expense	168,708	(6,451)	162,257	W/P - 3-19	O&M\[Employee Related Expense Exhibit.xlsx]Exhibit	The Employee Related Expense adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014.
44		Miscellaneous Expense	1,319,241	(385,214)	934,027	W/P - 3-20	O&M\[Miscellaneous Expense Exhibit.xlsx]Exhibit	The Miscellaneous Expense adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The decrease is due to shared services Other O&M Operation Expenses being reclassified.
45		Rents	20,498	30	20,528	W/P - 3-11	O&M\[Rent Expense Exhibit.xlsx]Exhibit	The Rents adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecast amount is based on contracts for equipment leases such as copiers and real estate agreements.
46		Transportation	405,020	23,821	428,841	W/P - 3-21	O&M\[Transportation Lease Expense Exhibit.xlsx]Exhibit	The Transportation adjustment is based on the difference between the base period amounts from April 2012 and March 2013 and the forecasted budget amounts fro August 2013 through July 2014. The forecast uses the same fuel usage as 2012, but accountns for increased fuel costs.
47		Uncollectible Accounts	794,406	(109,180)	685,226	W/P - 3-10	O&M\[Uncollectibles Accounts Exhibit.xlsx]Exhibit	Adjustement based on a 3 year uncollectible percent to billed revenue avg. times the forecasted test year billed revenues
48		Other Customer Accounting	1,110,639	350,921	1,461,560	W/P - 3-9	O&M\[Customer Accounting-Postage Exhibit.xlsx]Exhibit	The adjustment is based on the difference between the base period amounts from April 2012 and March 2013 and the forecasted budget amounts fro August 2013 through July 2014. The forecast shows increased expenses for collection number agencies, customer education, and postage due to a forecasted increase in number of customers.
49		Regulatory Expense	287,496	3,027	290,523	W/P - 3-6	O&M\[Regulatory Expense Exhibit.xlsx]Exhibit	The Regulatory Expense adjustment is based on the forecasted amount, plus the following adjustment. The 2010 Rate Case Amortization is in the forecast through 11/2013, however, the amortization schedule ends 9/30/2013 which results in an adjustment for two months of the amortization.
50		Insurance Other Than Group	798,704	6,875	805,579	W/P - 3-8	O&M\[Insurance Other than Group Exhibit.xlsx]Exhibit	The Insurance Other than Group adjustment is based on the forecasted amount.
51		Maintenance Supplies & Services	2,161,991	53,599	2,215,590	W/P - 3-13	O&M\[Maintenance Supplies & Services Exhibit.xlsx]Exhibit	The Maintenance adjustment is based on the forecasted amount.
52		Total O & M Expense (Sum of Lines 28 through 51):	33,192,846	1,083,935	34,276,781			

Kentucky American Water Company
Case No. 2015-00418
Supporting Schedule for Jurisdictional Factors

Data: Base Period Forecast Period
Version: Original Updated Revised

Exhibit 37, Schedule D-3
Public Workpapers\[Income Statement.xlsx]D-3

Jurisdictional Factors are not applicable to Kentucky American Water Company in this proceeding.

Workpaper #:
Excel Reference:

SCHEDULE E-1.1
Taxes\[Income Tax Exhibit.xlsx]E-1.1 Federal Inc Tax Base

Kentucky American Water Company
Case No. 2015-00418
Base Year Adjustment Employee Related Expense
For the 12 Months Ending August 31, 2017

Witness Responsible: Linda Bridwell

W/P - 6-1

Type of Filing: Original Updated Revised

Line	Category	Item	Current Rates Federal Tax Calculation Base Period	Adjustments	Adjusted Base Period
1	Book Revenue (+)				
2		Operating Revenue	\$90,509,219	\$0	\$90,509,219
3					
4	Book Deductions (-)				
5		O&M Expenses	(33,192,846)	-	(33,192,846)
6		Depreciation, Amortization, & Cost of Removal	(13,739,852)	-	(13,739,852)
7		Taxes Other Than Income	(6,484,589)	-	(6,484,589)
8		Current State Income Tax	(952,228)	-	(952,228)
10		Interest Expense	(12,226,347)	-	(12,226,347)
11		Total Book Deductions (Sum Lines 5 - 10)	(\$66,595,862)	\$0	(\$66,595,862)
12					
13		Book Pre-Tax Income (Line 2 + Line 11)	\$23,913,357	\$0	\$23,913,357
14					
15	Reconciling Items				
		Permanent Differences:			
16		(Deduction) or Reversal of Deduction			
17		Non-Deductible Meals	18,678	-	18,678
18		Non-Deductible Penalties and Mandatory Dividends	191,023	-	191,023
19		Pre-Tax Income After Perm. Differences (Line 13 + Line 17 + Line 18)	\$24,123,057	\$0	\$24,123,057
20					
		Temporary Differences:			
21		(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)			
22		Deduct Tax Depreciation (State or Federal)	(16,012,732)	-	(16,012,732)
23		Reverse Deduction of Book Depreciation	12,909,086	-	12,909,086
24		Reverse Deduction of Amortization of Property Losses	57,084	-	57,084
25		Reverse Deduction of Amortization of UPAA	-	-	-
26		Reverse Deduction of Deferred Maintenance Amortization	439,721	-	439,721
27		Deduct Actual Deferred Maintenance Expenditures	(\$3,991,675)	-	(3,991,675)
28		Reverse All CIAC Amortization Credits	(1,580,754)	-	(1,580,754)
29		Reflect Actual Taxable CIAC Received	(157,335)	-	(157,335)
30		Reflect Repairs Deduction	(3,259,354)	-	(3,259,354)
31		Reverse Book Cost of Removal	2,207,298	-	2,207,298
32		Reflect Actual Cost of Removal	(473,912)	-	(473,912)
33		Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 22 - 32)	(\$9,862,573)	\$0	(\$9,862,573)
34					
35		Pre-Tax Income After Permanent and Temporary Differences (Line 19 + Line 33)	\$14,260,484	\$0	\$14,260,484
36					
37	Calculation of Current Federal Income Taxes				
38		Tax Rate	35.00%	35.00%	35.00%
39		Current Taxes (Line 35 x Line 38)	4,991,169	-	4,991,169
40		Adjustment For Tax Provision	1,214,211		
41		Total Current Taxes	\$6,205,380		\$6,205,380
42		Less: Prior Year Adjustment	659,862	(659,862)	-
43		Total Federal Income Taxes - Current (Line 41 - Line 42)	\$5,545,518	\$659,862	\$6,205,380
44					
45	Calculation of Deferred Federal Income Taxes				
46		Federal Deferred Taxes Related to UPIS, CIAC, and Repairs	2,679,070	-	2,679,070
47		Federal Deferred Taxes Related to Deferred Maintenance	1,168,593	-	1,168,593
48		Federal Deferred Taxes Related to Property Losses	(18,781)	-	(18,781)
49		Federal Deferred Taxes Related to Cost of Removal	(570,284)	-	(570,284)
50		Federal Deferred Taxes - Prior Year	695,310	(695,310)	-
51		Items Deferred	\$3,953,909	(\$695,310)	\$3,258,599
52		Adjustment For Tax Provision	567,808		567,808
53		Sum Items Deferred	\$3,386,101	(\$695,310)	\$2,690,791
54					
55	Amortization of Deferred Income Tax Assets & Liabilities				
56		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	141,318	-	141,318
57					
58		Amortization of Deferred ITC	(84,792)	-	(84,792)
59		Sum Total Federal Deferred Taxes + Amortization of ITC	\$3,442,627	(\$695,310)	\$2,747,317
60					
61					
62		Total Current + Deferred Federal Income Taxes + Amortization of ITC (Line 43 + Line 59)	\$8,988,145	(\$35,448)	\$8,952,697

Workpaper #:
Excel Reference:

SCHEDULE E-1.2
Taxes\Income Tax Exhibit.xlsx\E-1.2 State Inc Tax Base

Kentucky American Water Company
Case No. 2015-00418
Base Year Adjustment Employee Related Expense
For the 12 Months Ending August 31, 2017

Witness Responsible: Linda Bridwell

W/P - 6-1

Type of Filing: Original Updated Revised

Line	Category	Item	Current Rates State Tax Calculation Base Period	Adjustments	Adjusted Base Period
1	Book Revenue (+)				
2		Operating Revenue	\$90,509,219	\$0	\$90,509,219
3					
4	Book Deductions (-)				
5		O&M Expenses	(33,192,846)	-	(33,192,846)
6		Depreciation, Amortization, & Cost of Removal	(13,739,852)	-	(13,739,852)
7		Taxes Other Than Income	(6,484,589)	-	(6,484,589)
8		Current State Income Tax	0	-	-
10		Interest Expense	(12,226,347)	-	(12,226,347)
11		Total Book Deductions (Sum Lines 5 - 10)	(\$65,643,634)	\$0	(\$65,643,634)
12					
13		Book Pre-Tax Income (Line 2 + Line 11)	\$24,865,585	\$0	\$24,865,585
14					
15	Reconciling Items				
16		Permanent Differences:			
17		(Deduction) or Reversal of Deduction			
17		Non-Deductible Meals	18,678	-	18,678
18		Non-Deductible Penalties and Mandatory Dividends	191,050	-	191,050
19		Pre-Tax Income After Perm. Differences (Line 13 + Line 17 + Line 18)	\$25,075,312	\$0	\$25,075,312
20					
21		Temporary Differences:			
22		(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)			
22		Deduct Tax Depreciation (State or Federal)	(15,355,011)	-	(15,355,011)
23		Reverse Deduction of Book Depreciation	12,909,086	-	12,909,086
24		Reverse Deduction of Amortization of Property Losses	57,084	-	57,084
25		Reverse Deduction of Amortization of UPA	-	-	-
26		Reverse Deduction of Deferred Maintenance Amortization	439,721	-	439,721
27		Deduct Actual Deferred Maintenance Expenditures	(\$3,991,675)	-	(3,991,675)
28		Reverse All CIAC Amortization Credits	(1,580,754)	-	(1,580,754)
29		Reflect Actual Taxable CIAC Received	(157,335)	-	(157,335)
30		Reflect Repairs Deduction	(3,259,354)	-	(3,259,354)
31		Reverse Book Cost of Removal	2,207,298	-	2,207,298
32		Reflect Actual Cost of Removal	(473,912)	-	(473,912)
33		Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 22 - 32)	(\$9,204,852)	\$0	(\$9,204,852)
34					
35		Pre-Tax Income After Permanent and Temporary Differences (Line 19 + Line 33)	\$15,870,460	\$0	\$15,870,460
36					
37	Calculation of Current State Income Taxes				
38		Tax Rate	6.0%	6.0%	6.0%
39		Current Taxes (Line 35 x Line 38)	952,228	\$ -	952,228
40		Adjustment For Tax Provision	171,525	-	171,525
41		Total Current Taxes	1,123,753	-	1,123,753
42		Less: Prior Year Adjustment	72,535	(72,535)	-
43		Total State Income Taxes (Line 41 - Line 42)	\$1,051,218	\$72,535	\$1,123,753
44					
45	Calculation of Deferred State Income Taxes				
46		State Deferred Taxes Related to UPIS, CIAC, and Repairs	446,602	-	446,602
47		State Deferred Taxes Related to Deferred Maintenance	213,117	-	213,117
48		State Deferred Taxes Related to Property Losses	(3,425)	-	(3,425)
49		State Deferred Taxes Related to Cost of Removal	(104,003)	-	(104,003)
50		State Deferred Taxes - Prior Year	472,654	472,654	945,308
51		Items Deferred	\$1,024,945	\$472,654	\$1,497,599
52		Adjustment For Tax Provision	540,387	-	540,387
53		Sum Items Deferred	\$484,558	\$472,654	\$957,212
54					
55		Amortization of Deferred Income Tax Assets & Liabilities			
56		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	7,740	-	7,740
57		Sum Total Deferred Taxes	\$492,298	\$472,654	\$964,952
58					
59					
60		Total Current + Deferred State Income Taxes (Line 43 + Line 57)	\$1,543,516	\$545,189	\$2,088,705

Workpaper #:
 Excel Reference:

SCHEDULE E-1.3
 Taxes\[Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast

Kentucky American Water Company
 Case No. 2015-00418
 Base Year Adjustment Employee Related Expense
 For the 12 Months Ending August 31, 2017

Witness Responsible: Linda Bridwell

W/P - 6-1

Type of Filing: Original Updated Revised

Line	Category	Item	Current Rates	At Proposed Rates	Forecast Period
			Federal Tax Calculation Forecast Period	Adjustments	At Proposed Rates
1	Book Revenue (+)				
2		Operating Revenue	\$88,355,270	\$13,082,266	\$101,437,536
3					
4	Book Deductions (-)				
5		O&M Expenses	(34,276,781)	(107,463)	(34,384,244)
6		Depreciation, Amortization, & Cost of Removal	(15,220,177)	-	(15,220,177)
7		Taxes Other Than Income	(6,200,723)	(26,139)	(6,226,862)
8		Current State Income Tax & Tax Amorts	(\$1,156,268.28)	(533,346)	(1,689,614)
9		Interest Expense	(12,463,394)	-	(12,463,394)
10		Total Book Deductions (Sum Lines 5 - 9)	(\$69,317,344)	(\$666,949)	(\$69,984,292)
11					
12		Book Pre-Tax Income (Line 2 + Line 10)	\$19,037,926	\$12,415,317	\$31,453,244
13					
14	Reconciling Items				
15		Permanent Differences:			
16		(Deduction) or Reversal of Deduction			
16		Non-Deductible Meals	17,963	-	17,963
17		Non-Deductible Penalties and Mandatory Dividends	191,050	-	191,050
18		Pre-Tax Income After Perm. Differences (Line 12 + Line 16 + Line 17)	\$19,246,940	\$12,415,317	\$31,662,257
19					
20		Temporary Differences:			
20		(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)			
21		Deduct Tax Depreciation (State or Federal)	(19,500,564)	-	(19,500,564)
22		Reverse Deduction of Book Depreciation	13,954,431	-	13,954,431
23		Reverse Deduction of Amortization of Property Losses	57,088	-	57,088
24		Reverse Deduction of Amortization of UPAA	0	-	-
25		Reverse Deduction of Deferred Maintenance Amortization	450,622	-	450,622
26		Deduct Actual Deferred Maintenance Expenditures	(\$3,570,000)	-	(3,570,000)
27		Reverse All CIAC Amortization Credits	(1,807,986)	-	(1,807,986)
28		Reflect Actual Taxable CIAC Received	135,732	-	135,732
29		Reflect Repairs Deduction	3,622,038	-	3,622,038
30		Reverse Book Cost of Removal	2,846,605	-	2,846,605
31		Reflect Actual Cost of Removal	(767,335)	-	(767,335)
32		Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 21 - 31)	(\$4,579,369)	\$0	(\$4,579,369)
33					
34		Pre-Tax Income After Permanent and Temporary Differences (Line 18 + Line 32)	\$14,667,571	\$12,415,317	\$27,082,888
35					
36	Calculation of Current Federal Income Taxes				
37		Tax Rate	35%	35%	35%
38		Current Taxes (Line 34 x Line 37)	\$5,133,650	\$4,345,361	\$9,479,011
39					
40					
41	Calculation of Deferred Federal Income Taxes				
42		Federal Deferred Taxes Related to UPIS, CIAC, and Repairs	1,254,195	-	1,254,195
43		Federal Deferred Taxes Related to Deferred Maintenance	1,026,275	-	1,026,275
44		Federal Deferred Taxes Related to Property Losses	(18,782)	-	(18,782)
45		Federal Deferred Taxes Related to Cost of Removal	(684,080)	-	(684,080)
46		Sum Items Deferred	\$1,577,608	\$0	\$1,577,608
47					
48		Amortization of Deferred Income Tax Assets & Liabilities			
49		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	(\$167,106)	-	(167,106)
50					
51		Amortization of Deferred ITC	(76,468)	-	(76,468)
52		Sum Total Federal Deferred Taxes + Amortization of ITC	\$1,334,034	\$0	\$1,334,034
53					
54					
55		Total Current + Deferred Federal Income Taxes + Amortization of ITC (Line 38 + Line 52)	\$6,467,684	\$4,345,361	\$10,813,045

Workpaper #:
Excel Reference:

SCHEDULE E-1.4
Taxes\Income Tax Exhibit.xlsx\E-1.4 State Inc Tax Forecast

Kentucky American Water Company
Case No. 2015-00418
Base Year Adjustment Employee Related Expense
For the 12 Months Ending August 31, 2017

Witness Responsible: Linda Bridwell
Type of Filing: Original Updated Revised

W/P - 6-1

Line	Category	Item	Current Rates State Tax Calculation Forecast Period	At Proposed Rates Adjustments	Forecast Period At Proposed Rates
1	Book Revenue (+)				
2		Operating Revenue	\$88,355,270	\$13,082,266	\$101,437,536
3					
4	Book Deductions (-)				
5		O&M Expenses	(34,276,781)	(107,463)	(34,384,244)
6		Depreciation, Amortization, & Cost of Removal	(15,220,177)	-	(15,220,177)
7		Taxes Other Than Income	(6,200,723)	(26,139)	(6,226,862)
8		Tax Amortizations	66,551	-	66,551
9		Interest Expense	(12,463,394)	-	(12,463,394)
10		Total Book Deductions (Sum Lines 5 - 9)	(\$68,094,525)	(\$133,602)	(\$68,228,127)
11					
12		Book Pre-Tax Income (Line 2 + Line 10)	\$20,260,745	\$12,948,664	\$33,209,409
13					
14	Reconciling Items				
	Permanent Differences:				
15		(Deduction) or Reversal of Deduction			
16		Non-Deductible Meals	17,963	-	17,963
17		Non-Deductible Penalties and Mandatory Dividends	191,050	-	191,050
18		Pre-Tax Income After Perm. Differences (Line 12 + Line 16 + Line 17)	\$20,469,759	\$12,948,664	\$33,418,422
19					
	Temporary Differences:				
20		(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)			
21		Deduct Tax Depreciation (State or Federal)	(16,119,816)	-	(16,119,816)
22		Reverse Deduction of Book Depreciation	13,954,431	-	13,954,431
23		Reverse Deduction of Amortization of Property Losses	57,088	-	57,088
24		Reverse Deduction of Amortization of UPAA	-	-	-
25		Reverse Deduction of Deferred Maintenance Amortization	450,622	-	450,622
26		Deduct Actual Deferred Maintenance Expenditures	(3,570,000)	-	(3,570,000)
27		Reverse All CIAC Amortization Credits	(1,807,986)	-	(1,807,986)
28		Reflect Actual Taxable CIAC Received	135,732	-	135,732
29		Reflect Repairs Deduction	3,622,038	-	3,622,038
30		Reverse Book Cost of Removal	2,846,605	-	2,846,605
31		Reflect Actual Cost of Removal	(767,335)	-	(767,335)
32		Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 21 - 31)	(\$1,198,621)	\$0	(\$1,198,621)
33					
34		Pre-Tax Income After Permanent and Temporary Differences (Line 18 + Line 32)	\$19,271,138	\$12,948,664	\$32,219,802
35					
36	Calculation of Current State Income Taxes				
37		Tax Rate	6.0%	6.0%	6.0%
38		Current Taxes (Line 34 x Line 37)	\$1,156,268	\$776,920	\$1,933,188
39					
40					
41	Calculation of Deferred State Income Taxes				
42		State Deferred Taxes Related to UPIS, CIAC, and Repairs	12,936	-	12,936
43		State Deferred Taxes Related to Deferred Maintenance	187,163	-	187,163
44		State Deferred Taxes Related to Property Losses	(3,425)	-	(3,425)
45		State Deferred Taxes Related to Cost of Removal	(124,756)	-	(124,756)
46		Sum Items Deferred	\$71,917	\$0	\$71,917
47					
48	Amortization of Deferred Income Tax Assets & Liabilities				
49		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	(66,551)	-	(66,551)
50		Sum Total Deferred Taxes	\$5,366	\$0	\$5,366
51					
52					
53		Total Current + Deferred State Income Taxes (Line 38 + Line 50)	\$1,161,635	\$776,920	\$1,938,554
54					

Workpaper #:
Excel Reference:

SCHEDULE E-1.5

Taxes\[Income Tax Exhibit.xlsx]E-1.5 Summary of Income Tax Adj

Kentucky American Water Company
Case No. 2015-00418
Base Year Adjustment Employee Related Expense
For the 12 Months Ending August 31, 2017

Witness Responsible: Linda Bridwell

W/P - 6-1

Type of Filing: Original Updated Revised

Line	Reference Base Period	Reference Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3			<u>State Income Taxes</u>			
4	Sch E-1.2	Sch E-1.4	Current	\$1,123,753	\$1,156,268	\$32,515
5	Sch E-1.2	Sch E-1.4	Deferred	964,952	5,366	(959,586)
6						
7						
8			Total State Income Taxes	<u>\$2,088,705</u>	<u>\$1,161,635</u>	<u>(\$927,070)</u>
9						
10						
11						
12			<u>Federal Income Taxes</u>			
13	Sch E-1.1	Sch E-1.3	Current	6,205,380	5,133,650	(1,071,730)
14	Sch E-1.1	Sch E-1.3	Deferred	2,690,791	1,577,608	(1,113,183)
15	Sch E-1.1	Sch E-1.3	Amort. Def Reg Assets/Liab.	141,318	(167,106)	(308,424)
16	Sch E-1.1	Sch E-1.3	Deferred - ITC	(84,792)	(76,468)	8,324
17						
18						
19			Total Federal Income Taxes	<u>\$8,952,697</u>	<u>\$6,467,684</u>	<u>(\$2,485,013)</u>
20						
21						
22			Total Income Taxes	<u><u>\$11,041,402</u></u>	<u><u>\$7,629,319</u></u>	<u><u>(\$3,412,083)</u></u>

Workpaper #:

SCHEDULE E-2

Excel Reference:

Taxes\[Income Tax Exhibit.xlsx]E-2 Jurisdictional Income Taxes

Kentucky American Water Company

Case No. 2015-00418

Base Year Adjustment Employee Related Expense

For the 12 Months Ending August 31, 2017

Witness Responsible: Linda Bridwell

W/P - 6-1

Type of Filing: Original Updated Revised

<u>Line</u>	<u>Account Title</u>	<u>Total Utility</u>	<u>Jurisdictional Percent</u>	<u>Jurisdiction</u>	<u>Jurisdictional Code / Explanation</u>
1					
2					
3					
4					NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.
5					
6					100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.
7					
8					
9					

Kentucky American Water Company
Case No. 2015-00418
Cost of Capital Summary
As of August 31, 2017

Data: ___ Base Period ___ Forecasted Period
 Type of Filing: ___ X ___ Original ___ Updated ___ Revised
 Exhibit 37, Schedule J-2
 Capital\Capital Structure 2015.xlsx\Sch J-2
 Witness Responsible: Scott Rungren
 Page 1 of 2

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
1								
2	Short-Term Debt	J-2, Page 1	\$3,648,509	0.910%	\$3,369	\$3,651,878	1.659%	0.020%
3								
4	Long-Term Debt	J-3, Page 1	201,540,484	50.275%	186,143	201,726,627	6.050%	3.040%
5								
6	Preferred Stock	J-4, Page 1	2,242,564	0.559%	2,070	2,244,634	8.520%	0.050%
7								
8	Common Equity	W/P - 7-6	193,447,129	48.256%	178,668	193,625,797	10.750%	5.190%
9								
10	Total Capital		\$400,878,685	100.000%	\$370,250	\$401,248,936		8.300%
11								
12								
13								
14								
15								
16	(1) JD/ITC	W/P - 7-7	\$370,250					

Kentucky American Water Company
Case No. 2015-00418
Cost of Capital Summary
As of April 30, 2016

Data: ___X___ Base Period ___ Forecasted Period
Type of Filing: ___X___ Original ___ Updated ___ Revised

Exhibit 37, Schedule J-2
Capital\\[Capital Structure 2015.xlsx]Sch J-2
Witness Responsible: Scott Rungren
Page 2 of 2

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
1								
2	Short-Term Debt	J-2, Page 2	\$23,496,534	5.890%	\$27,866	\$23,524,400	0.788%	0.050%
3								
4	Long-Term Debt	J-3, Page 2	194,267,039	48.697%	230,393	194,497,432	6.100%	2.970%
5								
6	Preferred Stock	J-4, Page 2	2,242,050	0.562%	2,659	2,244,709	8.520%	0.050%
7								
8	Common Equity	W/P - 7-6	178,921,176	44.851%	212,192	179,133,368	10.750%	4.820%
9								
10	Total Capital		\$398,926,799	100.000%	\$473,110	\$399,399,910		7.890%
11								
12								
13								
14								
15								
16	(1) JD/TC:	W/P - 7-7	\$473,110					

Kentucky American Water Company
Case No. 2015-00418
Embedded Cost of Short-Term Debt
As of August 31, 2017

Data: ___ Base Period ___X_ Forecasted Period Exhibit 37, Schedule J-3
 Type of Filing: ___X___ Original ___ Updated ___ Revised Capital\[Capital Structure 2015.xlsx]Sch J-3
Witness Responsible: Scott Rungren
Page 1 of 2

Line No.	Issue	Reference	Amount Outstanding	Interest Rate	Interest Requirement
1					
2					
3					
4	Promissory Note	W/P - 7-3	\$3,648,509	1.659%	\$60,514
5					
6					
7	Weighted Cost of Short-Term Debt		1.659%		

Kentucky American Water Company
Case No. 2015-00418
Embedded Cost of Short-Term Debt
As of April 30, 2016

Data: Base Period Forecasted Period Exhibit 37, Schedule J-3
 Type of Filing: Original Updated Revised Capital\[Capital Structure 2015.xlsx]Sch J-3
Witness Responsible: Scott Rungren
Page 2 of 2

Line No.	Issue	Reference	Amount Outstanding	Interest Rate	Interest Requirement
1					
2					
3					
4	Promissory Note	W/P - 7-3	\$23,496,534	0.788%	\$185,035
5					
6					
7	Weighted Cost of Short-Term Debt		0.788%		

Kentucky American Water Company
 Case No. 2015-00418
 Embedded Cost of Long-Term Debt
 As of August 31, 2017

Date: ___ Base Period ___X___ Forecasted Period
 Type of Filing: ___X___ Original ___ Updated ___ Revised ___
 Worksheet Reference No(s): W/P - 7-4

Exhibit 37, Schedule J-4
 Capital\Capital Structure 2015.xlsx\Sch J-4
 Witness Responsible: Scott Rungren
 Page 1 of 2

Line No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount or Premium	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	<u>General Mortgage Bonds:</u>													
4														
5	Series 6.96% GMB	12/01/93	12/01/23	\$7,000,000	6.960%	7.006%	N/A	\$490,420	\$7,000,000	\$3,226	\$0	\$20,169	\$0	\$6,979,831
6	Series 7.15% GMB	02/01/97	02/01/27	7,500,000	7.150%	7.182%	N/A	538,650	7,500,000	2,428	0	22,870	0	7,477,130
7	Series 6.99% GMB	06/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,261	0	35,061	0	8,964,939
8	Series 6.593% Note	10/22/2007	10/15/2037	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,599	0	334,060	0	46,665,940
9	Series 6.25% Note	6/23/2009	6/1/2039	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,386	0	443,449	0	44,946,551
10	Series 5.625% Note	09/10/09	09/01/39	26,000,000	5.625%	5.675%	N/A	1,475,500	26,000,000	13,005	0	286,157	0	25,713,843
11	Series 5.375% Note	06/24/10	06/01/40	26,000,000	5.375%	5.417%	N/A	1,408,420	26,000,000	10,863	0	247,172	0	25,752,828
12	Series 5.05% Note	11/21/11	10/15/37	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	0	0	0	20,000,000
13	Series 4.00% Note	05/15/13	10/15/37	7,859,000	4.000%	4.000%	N/A	314,360	7,859,000	0	0	0	0	7,859,000
14	Proposed 4.70% Note	06/15/16	06/15/46	7,250,000	4.700%	4.733%	N/A	343,143	7,250,000	2,417	0	69,580	0	7,180,420
15														
16														
17														
18	Total Long-Term Debt and Annualized Cost										\$0	\$1,458,516	\$0	\$201,540,484
19														
20														
21	Annualized Cost Rate													

Workpaper #:
Excel Reference:

W/P - 5
O&M\[General Tax Exhibit.xlsx]Exhibit - General Tax

Kentucky American Water Company
Case No. 2015-00418
Base Year Adjustment Property Tax

Witness Responsible: Linda Bridwell
Type of Filing: Original Updated Revised

Line No.	Description	Base Year at 4/30/2016	Adjustments	Forecast Year at 8/31/2017	Reference
1	Base Year for the 12 Months Ended April 30, 2016				
2	Property Tax	\$5,267,665			
3	Payroll Taxes	535,550			
5	Tax Discounts	(300)			
6	Other Taxes & Licenses	509,715			
7	Franchise Fee Audit	2,042			
8	Total Base Year	<u><u>\$6,314,672</u></u>			
9					
10	Adjustments:				
11	Apply Known & Measurable Current Property Tax Rate to Forecasted Property Levels		179,473		
12	Adjust Payroll Taxes for Merit Increases & Contract Wage Changes		40,675		
13	Tax Discount Adjustment		300		
14	Other Taxes & Licenses Adjustment		(500,024)		
15	Franchise Fee Audit		(2,042)		
16	Total Adjustments:		<u><u>(\$281,618)</u></u>		
17					
18					
19	Adjusted Property Tax			5,447,138	
20	Adjusted Payroll Tax			576,225	
21	Adjusted Tax Discounts			0	
22	Adjusted Taxes & Licenses			9,691	
23	Adjusted Franchise Fee Audit			0	
24	Forecasted Year at Present Rates			<u><u>\$ 6,033,054</u></u>	
25					

Workpaper #:
Excel Reference:

W/P - 5-1
O&M\[General Tax Exhibit.xlsx]Property Tax Wksht

Kentucky American Water Company
Case No. 2015-XXXXX
Base Year Adjustment Property Tax

Witness Responsible: Linda Bridwell
Type of Filing: Original Updated Revised

Line No.	Description	2015	
1	Baseline Tax Rate:		
2	Property Taxes for 2015 Bills	\$5,213,123	
3	UPIS, CWIP & Materials & Supplies 12/31/2014	645,219,681	
4	2014 Property Tax Per Dollar of Property (Line 2 / Line 3)	<u>0.8080%</u>	
5			
6			
7	Forecast Year Property	Amount	Months of Forecast Year
8	Water Utility Plant in Service, CWIP, & Materials & Supplies 12/31/2015	<u>666,688,128</u>	8
9	Water Utility Plant in Service, CWIP, & Materials & Supplies 12/31/2016	<u>689,173,864</u>	4
10	Weighted Average ((Line 8 Amount x Line 8 Months)+(Line 9 Amount x Line 9 Months))/12 Months	<u>674,183,373</u>	
11	Tax Rate (Line 4)	<u>0.8080%</u>	
12	Forecast Year Property Tax (Line 10 x Line 11)	<u>\$5,447,138</u>	
13			

** Change in Water Utility Plant in Service, CWIP, & Materials & Supplies 12/31/2016 due to reduction in CWIP **(\$14,134,916)**

Kentucky American Water Company
 Case No. 2015-00418
 UPIs Balances by Month, Oct 2015 - Aug 2017
 Automatically calculates: Prior Month Balance + Placed in
 Service Activity - Retirement Activity
 Workpaper #: W/P - 1 - 1
 With Slippage

Line #	Utility	Account	Util Plant Account	SAP GL Account	NARUC Acct	UPIs Balance Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
1	Water	301000-Organization	301000	10130100	301.1	37,450	37,450	37,450	37,450	37,450	37,450	37,450
2	Water	302000-Franchises	302000	10130200	302.1	70,261	70,261	70,261	70,261	70,261	70,261	70,261
3	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541
4	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	277,216	277,216	277,216	277,216	277,216	277,216	277,216
5	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	800,183	800,183	800,183	800,183	800,183	800,183	800,183
6	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952
7	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	20,105,009	20,184,252	20,263,495	20,384,823	20,642,322	20,646,433	20,669,375
8	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	10,100,553	10,099,440	10,098,327	10,097,214	10,096,101	10,094,989	10,093,876
9	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	36,748,478	36,741,527	36,734,576	36,727,625	36,720,674	36,713,723	36,706,772
10	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	937,020	937,020	937,020	936,999	936,992	936,985	936,978
11	Water	304500-Struct & Imp-General	304500	10130450	304.5	4,719,111	4,752,837	4,786,562	4,784,978	4,786,924	4,788,871	4,822,596
12	Water	304600-Struct & Imp-Offices	304600	10130460	304.5	5,786,252	5,784,463	5,782,674	5,780,884	5,779,095	5,777,306	5,775,517
13	Water	304610-Struct & Imp-HVAC	304610	10130460	304.5	10,570	10,570	10,570	10,570	10,570	10,570	10,570
14	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130470	304.5	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444
15	Water	304800-Struct & Imp-Misc	304800	10130480	304.5	1,380,416	1,378,135	1,375,854	1,373,573	1,371,292	1,369,011	1,366,729
16	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	853,536	853,420	853,303	853,187	853,070	852,954	852,837
17	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	1,630,782	1,630,782	1,630,782	1,630,782	1,630,782	1,630,782	1,630,782
18	Water	309000-Supply Mains	309000	10130900	309.2	18,571,339	18,571,339	18,571,339	18,571,339	18,571,339	18,571,339	18,571,339
19	Water	310000-Power Generation Equip	310000	10131000	310.2	3,020,439	3,018,273	3,016,108	3,013,943	3,011,777	3,009,612	3,007,446
20	Water	311000-Pumping Equipment	311000	10131100	311.2	12,217,626	12,260,913	12,304,200	12,380,404	12,541,714	12,544,656	12,559,369
21	Water	311200-Pump Equip Electric	311200	10131120	311.2	14,985,384	14,977,852	14,970,320	14,962,787	14,955,255	14,947,723	14,940,190
22	Water	311300-Pump Equip Diesel	311300	10131130	311.2	433,456	433,413	433,369	433,326	433,282	433,238	433,195
23	Water	311400-Pump Equip Hydraulic	311400	10131140	311.2	7,728	7,728	7,728	7,728	7,728	7,728	7,728
24	Water	311520-Pump Equip S&S & Pumping	311520	10131152	311.2	-	(1,193)	(2,386)	(3,579)	(4,772)	(5,965)	(7,158)
25	Water	311530-Pump Equip Wtr Treatment	311530	10131153	311.3	-	-	-	-	-	-	-
26	Water	311540-Pumping Equipment TD	311540	10131154	311.4	96,827	96,341	95,856	95,371	94,885	94,400	93,914
27	Water	320100-WT Equip Non-Media	320100	10132010	320.3	39,157,469	39,377,322	39,597,175	39,585,338	39,607,544	39,529,969	39,529,969
28	Water	320200-WT Equip Filter Media	320200	10132010	320.3	742,340	742,340	742,340	742,340	742,340	742,340	742,340
29	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358
30	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	13,724,358	13,723,781	13,723,205	13,722,628	13,722,051	13,721,474	13,720,898
31	Water	330200-Ground Level Tanks	330200	10133000	330.4	2,912,613	2,912,515	2,912,417	2,912,319	2,912,221	2,912,123	2,912,025
32	Water	330400-Cleanwell	330400	10133000	330.4	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316
33	Water	331001-T&D Mains	331001	10133100	331.4	286,382,955	288,799,685	291,224,418	292,005,677	292,647,856	293,004,913	293,433,415
34	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	-	(185)	(371)	(556)	(742)	(927)	(1,113)
35	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	-	(32)	(64)	(97)	(129)	(161)	(193)
36	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	-	-	-	-	-	-	-
37	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	-	-	-	-	-	-	-
38	Water	333000-Services	333000	10133300	333.4	-	-	-	-	-	-	-
39	Water	334100-Meters	334100	10133410	334.4	-	-	-	-	-	-	-
40	Water	334110-Meters Bronze Case	334110	10133410	334.4	-	-	-	-	-	-	-
41	Water	334120-Meters Plastic Case	334120	10133410	334.4	-	-	-	-	-	-	-
42	Water	334130-Meters Other	334130	10133410	334.4	-	-	-	-	-	-	-
43	Water	334131-Meter Reading Units	334131	10133410	334.4	-	(4)	(9)	(13)	(18)	(22)	(27)
44	Water	334200-Meter Installations	334200	10133420	334.4	23,976,208	23,974,785	23,973,363	23,971,940	23,970,518	23,969,095	23,967,673
45	Water	334300-Meter Vaults	334300	10133410	334.4	957,833	957,348	956,862	956,377	955,892	955,406	954,921
46	Water	335000-Hydrants	335000	10133500	335.4	18,655,288	18,747,575	18,840,269	18,920,287	18,996,936	19,056,737	19,114,093
47	Water	339100-Other P/E-Intangible	339100	10133910	339.1	96,263	96,263	96,263	96,263	96,263	96,263	96,263
48	Water	339600-Other P/E-CPS	339600	10133910	339.1	615,610	645,455	675,300	678,802	682,306	685,805	689,306
49	Water	340100-Office Furniture & Equip	340100	10134010	340.5	624,603	619,435	609,100	609,100	609,100	609,100	609,100
50	Water	340200-Camp & Periph Equip	340200	10134010	340.5	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568
51	Water	340220-Camp & Periph Personal	340220	10134010	340.5	-	(11,588)	(23,175)	(34,763)	(46,351)	(57,938)	(69,526)
52	Water	340230-Camp & Periph Other	340230	10134010	340.5	-	(1,545)	(3,089)	(4,634)	(6,178)	(7,723)	(9,267)

Kentucky American Water Company

Case No. 2015-00418

UPIS Balances by Month, Oct 2015 - Aug 2017

Automatically calculates: Prior Month Balance + Placed in

Service Activity - Retirement Activity

Worksheet #: W/P - 1-1

With Slippage

Line #	Utility	Account	Util Plant Account	SAP GL Account	NARUC Acct	UPIS Balance Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Total Water UPIS												
						\$638,931,820	\$642,050,311	\$645,356,377	\$646,417,785	\$648,145,880	\$648,957,175	\$649,770,251
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5							
54	Water	340300-Computer Software	340300	10134010	340.5	1,483,903	1,418,393	1,533,163	1,460,006	1,408,038	1,389,405	1,370,586
55	Water	340315-Computer Software - BT	340315	10134010	340.5	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721
56	Water	340320-Comp Software Personal	340320	10134010	340.5							
57	Water	340325-Comp Software Customized	340325	10134010	340.5		(139)	(278)	(417)	(556)	(694)	(833)
58	Water	340330-Comp Software Other	340330	10134010	340.5		(129)	(257)	(386)	(514)	(643)	(771)
59	Water	340500-Other Office Equipment	340500	10134010	340.5	11,711	11,324	10,937	10,550	10,162	9,775	9,388
60	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	1,942,510	1,934,829	1,939,189	1,911,894	2,012,774	2,113,677	2,086,381
61	Water	341200-Trans Equip Hwy Duty Trks	341200	10134100	341.5	2,408,626	2,415,006	2,433,427	2,420,193	2,535,134	2,650,098	2,636,863
62	Water	341300-Trans Equip Autos	341300	10134100	341.5	63,563	80,140	109,123	105,491	233,918	362,369	358,737
63	Water	341400-Trans Equip Other	341400	10134100	341.5	995,229	989,108	982,987	976,867	970,746	964,626	958,505
64	Water	342000-Stores Equipment	342000	10134200	342.5	65,242	65,212	65,183	65,154	65,125	65,095	65,066
65	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	2,391,260	2,389,239	2,387,217	2,387,549	2,391,412	2,401,160	2,434,448
66	Water	344000-Laboratory Equipment	344000	10134400	344.5	1,271,006	1,268,993	1,266,981	1,264,968	1,262,956	1,260,943	1,258,931
67	Water	345000-Power Operated Equipment	345000	10134500	345.5	1,370,184	1,369,913	1,369,641	1,369,369	1,369,097	1,368,826	1,368,554
68	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	311,502	307,510	303,518	299,526	295,534	291,543	287,551
69	Water	346190-Remote Control & Instrument	346190	10134600	346.5	3,387,857	3,415,323	3,451,353	3,451,278	3,486,512	3,492,321	3,533,440
70	Water	346200-Comm Equip Telephone	346200	10134600	346.5	92,695	92,393	92,092	91,790	91,489	91,187	90,886
71	Water	347000-Misc Equipment	347000	10134700	347.5	1,703,374	1,702,680	1,701,986	1,701,292	1,700,598	1,699,905	1,699,211
72	Water	348000-Other Tangible Property	348000	10134800	348.5	117,628	122,895	128,161	128,779	129,397	130,015	130,633
						638,931,820	642,050,311	645,356,377	646,417,785	648,145,880	648,957,175	649,770,251
Water												

Kentucky American Water Company

Case No. 2015-00418

UPIS Balances by Month, Oct 2015 - Aug 2017

Automatically calculates: Prior Month Balance + Placed in

Service Activity - Retirement Activity

Worksheet #: W/P - 1-1

With Slippage

		Total Water UPIS											
Line #	Utility	Account	Account	SAP GL	NARUC	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
1	Water	301000-Organization	301.1	10130100	301.1	37,450	37,450	37,450	37,450	37,450	37,450	37,450	37,450
2	Water	302000-Franchises	302.1	10130200	302.1	70,261	70,261	70,261	70,261	70,261	70,261	70,261	70,261
3	Water	303200-Land & Land Rights-Supply	303.2	10130300	303.2	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541	1,117,541
4	Water	303300-Land & Land Rights-Pumping	303.2	10130330	303.2	277,216	277,216	277,216	277,216	277,216	277,216	277,216	277,216
5	Water	303400-Land & Land Rights-Treatment	303.3	10130340	303.3	800,183	800,183	800,183	800,183	800,183	800,183	800,183	800,183
6	Water	303500-Land & Land Rights-T&D	303.4	10130350	303.4	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952	7,474,952
7	Water	304100-Structure & Imp-Supply	304.2	10130410	304.2	21,406,452	21,443,989	21,448,100	21,471,043	21,503,402	21,540,468	21,615,159	21,689,930
8	Water	304200-Structure & Imp-Pumping	304.2	10130420	304.2	10,083,860	10,082,747	10,081,634	10,080,521	10,079,408	10,078,295	10,077,182	10,076,069
9	Water	304300-Structure & Imp-Treatment	304.3	10130430	304.3	42,480,595	42,473,644	42,466,693	42,459,742	42,452,791	42,445,840	42,438,889	42,431,938
10	Water	304400-Structure & Imp-T&D	304.4	10130440	304.4	936,915	936,908	936,901	936,894	936,887	936,880	936,873	936,866
11	Water	304500-Structure & Imp-General	304.5	10130450	304.5	5,165,379	5,166,148	5,166,918	5,173,605	5,189,675	5,263,956	5,551,501	5,770,347
12	Water	304600-Structure & Imp-Offices	304.5	10130460	304.5	5,759,413	5,757,624	5,755,835	5,754,045	5,752,256	5,750,467	5,748,677	5,746,888
13	Water	304610-Structure & Imp-HVAC	304.5	10130461	304.5	10,570	10,570	10,570	10,570	10,570	10,570	10,570	10,570
14	Water	304700-Structure & Imp-Store,Shop,Gar	304.5	10130470	304.5	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444	1,766,444
15	Water	304800-Structure & Imp-Misc	304.5	10130480	304.5	1,346,199	1,343,918	1,341,637	1,339,356	1,337,074	1,334,793	1,332,512	1,330,231
16	Water	305000-Collect & Impound Reservoirs	305.2	10130500	305.2	851,788	851,788	851,788	851,788	851,788	851,788	851,788	851,788
17	Water	306000-Lake, River & Other Intakes	306.2	10130600	306.2	2,062,302	2,076,603	2,078,368	2,087,196	2,099,554	2,113,678	2,141,926	2,170,174
18	Water	309000-Supply Mains	309.2	10130900	309.2	18,571,203	18,571,194	18,571,185	18,571,176	18,571,167	18,571,157	18,571,148	18,571,139
19	Water	310000-Power Generation Equip	310.2	10131000	310.2	3,125,358	3,168,992	3,212,627	3,302,061	3,391,496	3,480,931	3,570,365	3,659,800
20	Water	311000-Pumping Equipment	311.2	10131100	311.2	13,023,401	13,047,235	13,050,178	13,064,890	13,085,488	13,109,028	13,156,108	13,203,188
21	Water	311200-Pump Exp Electric	311.2	10131120	311.2	15,696,799	15,780,867	15,910,734	16,086,402	16,262,070	16,437,737	16,631,725	16,825,713
22	Water	311300-Pump Exp Diesel	311.2	10131130	311.2	432,803	432,803	432,803	432,803	432,803	432,803	432,803	432,803
23	Water	311400-Pump Exp Hydraulic	311.2	10131140	311.2	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728
24	Water	311520-Pump Exp-SOS & Pumping	311.2	10131152	311.2	(17,895)	(19,088)	(20,281)	(21,474)	(22,667)	(23,860)	(25,053)	(26,246)
25	Water	311530-Pump Exp Wtr Treatment	311.3	10131153	311.3								
26	Water	311540-Pumping Equipment TD	311.4	10131154	311.4	89,546	89,060	88,575	88,089	87,604	87,118	86,633	86,148
27	Water	320100-WT Equip Non-Media	320.3	10132010	320.3	46,044,649	46,011,864	45,979,723	45,947,289	45,915,148	45,882,707	45,850,266	45,817,825
28	Water	320200-WT Equip Filter Media	320.3	10132020	320.3	742,340	742,340	742,340	742,340	742,340	742,340	742,340	742,340
29	Water	330000-Dist Reservoirs & Standpipes	330.4	10133000	330.4	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358	1,771,358
30	Water	330100-Elevated Tanks & Standpipes	330.4	10133010	330.4	14,127,907	14,127,907	14,127,907	14,127,907	14,127,907	14,127,907	14,127,907	14,127,907
31	Water	330200-Ground Level Tanks	330.4	10133020	330.4	3,198,823	3,208,258	3,209,337	3,215,124	3,223,265	3,232,583	3,251,317	3,270,051
32	Water	330400-Clearwell	330.4	10133040	330.4	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316	1,096,316
33	Water	331001-T&D Mains	331.4	10133100	331.4	305,209,648	307,336,141	307,631,039	307,958,892	308,510,744	309,295,303	310,308,097	311,499,487
34	Water	331100-TD Mains 4in & Less	331.4	10133110	331.4	(2,782)	(2,968)	(3,153)	(3,339)	(3,524)	(3,710)	(3,895)	(4,081)
35	Water	331200-TD Mains 6in to 8in	331.4	10133120	331.4	(483)	(515)	(547)	(580)	(612)	(644)	(676)	(708)
36	Water	331300-TD Mains 10in to 16in	331.4	10133130	331.4								
37	Water	331400-TD Mains 18in & Grtr	331.4	10133140	331.4	(475)	(506)	(538)	(569)	(601)	(633)	(664)	(696)
38	Water	333000-Services	333.4	10133300	333.4	51,847,977	52,131,435	52,209,700	52,294,015	52,402,764	52,556,239	52,723,839	52,901,443
39	Water	334100-Meters Bronze Case	334.4	10133410	334.4	25,522,737	25,556,280	25,612,703	25,733,862	25,839,719	26,011,489	26,154,186	26,290,666
40	Water	334120-Meters Plastic Case	334.4	10133410	334.4	(5,109)	(5,450)	(5,791)	(6,131)	(6,472)	(6,813)	(7,153)	(7,494)
41	Water	334130-Meters Other	334.4	10133410	334.4	(30,035)	(32,037)	(34,040)	(36,042)	(38,044)	(40,047)	(42,049)	(44,051)
42	Water	334131-Meter Reading Units	334.4	10133410	334.4	(35,637)	(38,012)	(40,388)	(42,764)	(45,140)	(47,516)	(49,891)	(52,267)
43	Water	334200-Meter Installations	334.4	10133420	334.4	(67)	(71)	(76)	(80)	(85)	(89)	(93)	(98)
44	Water	334300-Meter Vaults	334.4	10133420	334.4	23,954,870	23,953,447	23,952,025	23,950,602	23,949,180	23,947,757	23,946,335	23,944,913
45	Water	335000-Hydrants	335.4	10133500	335.4	950,552	950,067	949,581	949,096	948,610	948,125	947,639	947,154
46	Water	339100-Other P/E-Intangible	339.1	10133910	339.1	20,005,033	20,163,577	20,220,708	20,273,720	20,350,978	20,439,064	20,540,685	20,651,045
47	Water	339600-Other P/E-CPS	339.6	10133960	339.6	96,263	96,263	96,263	96,263	96,263	96,263	96,263	96,263
48	Water	340100-Office Furniture & Equip	340.5	10134010	340.5	728,824	732,326	744,331	739,329	749,333	749,333	754,336	759,338
49	Water	340200-Comp & Periph Equip	340.5	10134010	340.5	797,926	917,033	911,866	1,052,948	1,047,781	1,042,613	1,192,156	1,186,988
50	Water	340220-Comp & Periph Personal	340.5	10134010	340.5	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568	1,854,568
51	Water	340230-Comp & Periph Other	340.5	10134010	340.5	(173,814)	(185,402)	(196,990)	(208,577)	(220,165)	(231,753)	(243,340)	(254,928)
52	Water	340240-Comp & Periph Other	340.5	10134010	340.5	(23,168)	(24,713)	(26,257)	(27,802)	(29,346)	(30,891)	(32,435)	(33,980)

Kentucky American Water Company
 Case No. 2015-00418
 UPIs Balances by Month, Oct 2015 - Aug 2017
 Automatically calculates: Prior Month Balance + Placed in
 Service Activity - Retirement Activity
 Workpaper #: W/P - 1-1
 With Slippage

Line #	Utility	Account	UTIL Plant Account	SAP GL Account	NARUC Acct	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5								
54	Water	340300-Computer Software	340300	10134010	340.5	1,478,731	1,465,785	1,490,849	1,529,129	1,543,687	1,573,994	1,592,363	1,611,135
55	Water	340315-Computer Software - BT	340315	10134010	340.5	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721	11,705,721
56	Water	340320-Comp Software Personal	340320	10134010	340.5								
57	Water	340325-Comp Software Customized	340325	10134010	340.5	(2,083)	(2,222)	(2,361)	(2,500)	(2,639)	(2,778)	(2,917)	(3,056)
58	Water	340330-Comp Software Other	340330	10134010	340.5	(1,928)	(2,057)	(2,186)	(2,314)	(2,443)	(2,571)	(2,700)	(2,828)
59	Water	340500-Other Office Equipment	340500	10134010	340.5	5,904	5,516	5,129	4,742	4,355	3,968	3,581	3,193
60	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	1,840,722	1,813,427	1,813,320	1,786,025	1,820,875	1,880,971	1,933,300	1,906,005
61	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	2,517,753	2,504,518	2,518,473	2,505,238	2,554,149	2,628,307	2,694,696	2,681,462
62	Water	341300-Trans Equip Autos	341300	10134100	341.5	326,049	322,417	346,798	343,166	403,563	489,971	568,376	564,744
63	Water	341400-Trans Equip Other	341400	10134100	341.5	903,420	897,299	891,179	885,058	878,938	872,817	866,696	860,576
64	Water	342000-Stores Equipment	342000	10134200	342.5	64,803	64,774	64,745	64,715	64,686	64,657	64,628	64,598
65	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	2,696,448	2,700,311	2,710,059	2,743,347	2,770,751	2,836,995	2,884,995	2,915,341
66	Water	344000-Laboratory Equipment	344000	10134400	344.5	1,240,818	1,238,806	1,236,793	1,234,781	1,232,768	1,230,756	1,228,743	1,226,731
67	Water	345000-Power Operated Equipment	345000	10134500	345.5	1,366,108	1,365,836	1,365,564	1,365,293	1,365,021	1,364,749	1,364,477	1,364,205
68	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	251,624	247,633	243,641	239,649	235,657	231,665	227,674	223,682
69	Water	346190-Remote Control & Instrument	346190	10134600	346.5	3,762,273	3,768,083	3,775,777	3,803,241	3,838,475	3,875,595	3,920,714	3,961,833
70	Water	346200-Comm Equip Telephone	346200	10134600	346.5	88,172	87,870	87,569	87,267	86,966	86,664	86,363	86,061
71	Water	347000-Misc Equipment	347000	10134700	347.5	1,692,967	1,692,273	1,691,579	1,690,885	1,690,191	1,689,498	1,688,804	1,688,110
72	Water	348000-Other Tangible Property	348000	10134800	348.5	137,607	138,225	138,843	139,461	140,343	141,226	142,109	142,992
					Water	680,329,793	683,139,762	683,804,539	684,825,922	686,163,604	688,062,420	690,614,792	692,876,406

Kentucky American Water Company
 Case No. 2015-00418
 UPIS Balances by Month, Oct 2015 - Aug 2017
 Automatically calculates: Prior Month Balance + Placed in
 Service Activity - Retirement Activity
 Workpaper #: W/P - 1-1
 With Slippage

Base Period as of
 30-Apr-16 \$649,770,251
 Forecast 13-Month Avg
 Aug 16- Aug 17 \$681,881,917

Total Water UPIS

Line #	Utility	Account	Util Plant Account	SAP GL Account	NARUC Acct	Base Period as of 30-Apr-16	Forecast 13-Month Average
1	Water	301000-Organization	301000	10130100	301.1	37,450	37,450
2	Water	302000-Franchises	302000	10130200	302.1	70,261	70,261
3	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	1,117,541	1,117,541
4	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	277,216	277,216
5	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	800,183	800,183
6	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	7,474,952	7,474,952
7	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	20,669,375	21,364,641
8	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	10,093,876	10,082,747
9	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	36,706,772	42,473,644
10	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	936,978	936,908
11	Water	304500-Struct & Imp-General	304500	10130450	304.5	4,822,596	5,239,099
12	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	5,775,517	5,775,624
13	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	10,570	10,570
14	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	1,766,444	1,766,444
15	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	1,366,729	1,343,918
16	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	852,837	851,672
17	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	1,783,883	2,046,847
18	Water	309000-Supply Mains	309000	10130900	309.2	18,571,284	18,571,194
19	Water	310000-Power Generation Equip	310000	10131000	310.2	3,007,446	3,233,817
20	Water	311000-Pumping Equipment	311000	10131100	311.2	12,559,369	12,997,643
21	Water	311200-Pump Equip Electric	311200	10131120	311.2	14,940,190	15,869,648
22	Water	311300-Pump Equip Diesel	311300	10131130	311.2	433,195	432,760
23	Water	311400-Pump Equip Hydraulic	311400	10131140	311.2	7,728	7,728
24	Water	311520-Pump Equip-SOS & Pumping	311520	10131152	311.2	(7,158)	(19,088)
25	Water	311530-Pump Equip Wtr Treatment	311530	10131153	311.3	-	-
26	Water	311540-Pumping Equipment TD	311540	10131154	311.4	93,914	89,060
27	Water	320100-WT Equip Non-Media	320100	10132010	320.3	39,529,969	45,992,027
28	Water	320200-WT Equip Filter Media	320200	10132010	320.3	742,340	742,340
29	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	1,771,358	1,771,358
30	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	13,720,898	14,127,331
31	Water	330200-Ground Level Tanks	330200	10133000	330.4	3,014,092	3,188,421
32	Water	330400-Clearwell	330400	10133000	330.4	1,096,316	1,096,316
33	Water	331001-T&D Mains	331001	10133100	331.4	293,433,415	305,791,101
34	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(1,113)	(2,968)
35	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(193)	(515)
36	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	-	-
37	Water	331400-TD Mains 18in & Gtr	331400	10133100	331.4	(190)	(506)
38	Water	333000-Services	333000	10133300	333.4	50,526,195	52,057,813
39	Water	334100-Meters	334100	10133410	334.4	24,490,843	25,623,637
40	Water	334110-Meters Bronze Case	334110	10133410	334.4	(2,044)	(5,450)
41	Water	334120-Meters Plastic Case	334120	10133410	334.4	(12,014)	(32,037)
42	Water	334130-Meters Other	334130	10133410	334.4	(14,255)	(38,012)
43	Water	334131-Meter Reading Units	334131	10133410	334.4	(27)	(71)
44	Water	334200-Meter Installations	334200	10133420	334.4	23,967,673	23,953,447
45	Water	334300-Meter Vaults	334300	10133410	334.4	954,921	950,067
46	Water	335000-Hydrants	335000	10133500	335.4	19,114,093	20,108,584
47	Water	339100-Other P/E-Intangible	339100	10133910	339.1	96,263	96,263
48	Water	339600-Other P/E-CPS	339600	10133910	339.1	689,306	733,403
49	Water	340100-Office Furniture & Equip	340100	10134010	340.5	714,184	939,728
50	Water	340200-Comp & Periph Equip	340200	10134010	340.5	1,854,568	1,854,568
51	Water	340220-Comp & Periph Personal	340220	10134010	340.5	(69,526)	(185,402)
52	Water	340230-Comp & Periph Other	340230	10134010	340.5	(9,267)	(24,713)

Kentucky American Water Company

Case No. 2015-00418

UPIS Balances by Month, Oct 2015 - Aug 2017

Automatically calculates: Prior Month Balance + Placed in

Service Activity - Retirement Activity

Worksheet #: W/P - 1-1

With Slippage

Base Period as of 30-Apr-16 \$649,770,251
 Forecast 13-Month Avg Aug 15- Aug 17 \$681,881,917

Total Water UPIS

Line #	Utility	Account	Util Plant Account	SAP GL Account	NARUC Acct	Base Period as of 30-Apr-16	Forecast 13-Month Average Aug 15- Aug 17
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	-	-
54	Water	340300-Computer Software	340300	10134010	340.5	1,370,586	1,511,320
55	Water	340315-Computer Software - BT	340315	10134010	340.5	11,705,721	11,705,721
56	Water	340320-Comp Software Personal	340320	10134010	340.5	-	-
57	Water	340325-Comp Software Customized	340325	10134010	340.5	(833)	(2,222)
58	Water	340330-Comp Software Other	340330	10134010	340.5	(771)	(2,057)
59	Water	340500-Other Office Equipment	340500	10134010	340.5	9,388	5,516
60	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	2,086,381	1,877,514
61	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	2,636,863	2,568,606
62	Water	341300-Trans Equip Autos	341300	10134100	341.5	358,737	388,447
63	Water	341400-Trans Equip Other	341400	10134100	341.5	958,505	897,299
64	Water	342000-Stores Equipment	342000	10134200	342.5	65,066	64,774
65	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	2,434,448	2,742,390
66	Water	344000-Laboratory Equipment	344000	10134400	344.5	1,258,931	1,238,806
67	Water	345000-Power Operated Equipment	345000	10134500	345.5	1,368,554	1,365,836
68	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	287,551	247,633
69	Water	346190-Remote Control & Instrument	346190	10134600	346.5	3,533,440	3,782,569
70	Water	346200-Comm Equip Telephone	346200	10134600	346.5	90,886	87,870
71	Water	347000-Misc Equipment	347000	10134700	347.5	1,699,211	1,692,273
72	Water	348000-Other Tangible Property	348000	10134800	348.5	130,633	138,415
						649,770,251	681,881,917

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

Workpaper #:	Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Life Reserve	Total COR Reserve	Total Accum Life & COR Depr Reserves		
										Accum Reserves Bal Oct-15	Nov-15	Dec-15
	\$0	\$0	Water	301000-Organization	301000	10130100	301.1	\$0	\$0	\$0	\$0	
	0	0	Water	302000-Franchises	302000	10130200	302.1	-	-	-	-	
	0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	-	-	-	-	
	0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	-	-	-	-	
	0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	-	-	-	-	
	0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	-	-	-	-	
	0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(2,082,401)	(2,129,918)	(2,177,638)		
	0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,468,175)	(2,490,701)	(2,513,224)		
	0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(4,790,707)	(4,873,178)	(4,955,633)		
	0	3	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(628,806)	(630,849)	(632,893)		
	0	566	Water	304500-Struct & Imp-General	304500	10130450	304.5	(510,890)	(520,380)	(529,952)		
	0	884	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,493,796)	(1,500,815)	(1,507,831)		
	0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,696)	(1,713)	(1,730)		
	0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	(447,187)	(450,171)	(453,154)		
	0	56	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(109,328)	(112,719)	(116,100)		
	0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	(277,129)	(277,958)	(278,788)		
	0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(408,764)	(411,511)	(414,257)		
	0	24	Water	309000-Supply Mains	309000	10130900	309.2	(3,778,193)	(3,778,193)	(3,812,207)		
	0	707	Water	310000-Power Generation Equip	310000	10131000	310.2	(587,104)	(591,607)	(596,104)		
	0	0	Water	311000-Pumping Equipment	311000	10131100	311.2	(2,293,660)	(2,316,568)	(2,339,557)		
	0	755	Water	311200-Pump Equip Electric	311200	10131120	311.2	(151,970)	(171,577)	(191,577)		
	0	67	Water	311300-Pump Equip Diesel	311300	10131130	311.2	(9,239)	(9,945)	(10,651)		
	0	0	Water	311400-Pump Equip Hydraulic	311400	10131140	311.2	(8)	(20)	(33)		
	0	1,948	Water	311520-Pump Equip-SOS & Pumping	311520	10131152	311.2	(1,293,993)	(1,290,853)	(1,287,710)		
	0	0	Water	311530-Pump Equip Wtr Treatment	311530	10131153	311.3	242	242	242		
	0	35	Water	311540-Pumping Equipment TD	311540	10131154	311.4	65,211	65,536	65,861		
	0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(11,287,371)	(11,287,371)	(11,322,839)		
	0	0	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(743,280)	(758,300)	(773,320)		
	0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	(210,075)	(212,526)	(214,976)		
	0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	(4,080,473)	(4,102,982)	(4,125,491)		
	0	0	Water	330200-Ground Level Tanks	330200	10133000	330.4	(219,711)	(222,962)	(226,213)		
	0	0	Water	330400-Clearwell	330400	10133000	330.4	(149,685)	(149,685)	(151,219)		
	(42)	7,124	Water	331001-T&D Mains	331001	10133100	331.4	(40,825,249)	(41,206,150)	(41,590,394)		
	(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(1,117,311)	(1,116,634)	(1,115,956)		
	(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(2,447,099)	(2,444,418)	(2,441,738)		
	(0)	45	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(1,322,505)	(1,322,461)	(1,322,417)		
	0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(6,698,927)	(6,698,482)	(6,698,037)		
	(331)	7,774	Water	333000-Services	333000	10133300	333.4	(22,704,336)	(22,799,617)	(22,895,340)		
	(3,342)	5,078	Water	334100-Meters	334100	10133410	334.4	(296,542)	(348,433)	(400,569)		
	(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	334.4	(494,456)	(493,210)	(491,963)		
	(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	334.4	489,727	501,153	512,585		
	(823)	4,997	Water	334130-Meters Other	334130	10133410	334.4	(632,156)	(625,606)	(619,050)		
	(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	334.4	(70,242)	(70,260)	(70,277)		
	(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	334.4	(7,556,610)	(7,610,956)	(7,665,298)		
	(2)	811	Water	334300-Meter Vaults	334300	10133410	334.4	35,722	34,837	33,954		

With Slippage

Kentucky American Water Company
Case No. 2015-00418
Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Life Reserve	Total COR Reserve	Total Accum Life & COR Depr Reserves		
									Oct-15	Nov-15	Dec-15
(42)	2,569	Water	335000-Hydrants	335000	10133500	335.4			(\$136,439,209)	(\$137,364,266)	(\$138,293,385)
0	0	Water	339100-Other P/E-Intangible	339100	10133910	339.1			(117,634,624)	(118,442,284)	(119,253,219)
0	0	Water	339600-Other P/E-CPS	339600	10133910	339.1			(18,804,585)	(18,921,982)	(19,040,166)
0	64	Water	340100-Office Furniture & Equip	340100	10134010	340.5					
0	0	Water	340200-Comp & Periph Equip	340200	10134010	340.5					
0	0	Water	340220-Comp & Periph Personal	340220	10134010	340.5					
(21)	152	Water	340230-Comp & Periph Other	340230	10134010	340.5					
0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5					
0	0	Water	340300-Computer Software	340300	10134010	340.5					
0	0	Water	340315-Computer Software - BT	340315	10134010	340.5					
0	0	Water	340320-Comp Software Personal	340320	10134010	340.5					
0	0	Water	340325-Comp Software Customized	340325	10134010	340.5					
0	0	Water	340330-Comp Software Other	340330	10134010	340.5					
0	0	Water	340500-Other Office Equipment	340500	10134010	340.5					
(5,866)	(4)	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5					
(3,558)	0	Water	341200-Trans Equip Hwy Duty Trks	341200	10134100	341.5					
(1,044)	(9)	Water	341300-Trans Equip Autos	341300	10134100	341.5					
(2,670)	46	Water	341400-Trans Equip Other	341400	10134100	341.5					
0	0	Water	342000-Stores Equipment	342000	10134200	342.5					
0	322	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5					
0	295	Water	344000-Laboratory Equipment	344000	10134400	344.5					
0	32	Water	345000-Power Operated Equipment	345000	10134500	345.5					
0	98	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5					
0	267	Water	346190-Remote Control & Instrument	346190	10134600	346.5					
0	0	Water	346200-Comm Equip Telephone	346200	10134600	346.5					
0	44	Water	347000-Misc Equipment	347000	10134700	347.5					
0	0	Water	348000-Other Tangible Property	348000	10134800	348.5					
\$ (21,330)	\$ 63,945								(\$136,439,209)	(\$137,364,266)	(\$138,293,385)

With Slippage

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Accum Life & COR Depr Reserves		
							Jan-16	Feb-16	Mar-16
\$0	\$0	Water	301000-Organization	301000	10130100	301.1	\$0	\$0	\$0
0	0	Water	302000-Franchises	302000	10130200	302.1	-	-	-
0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	-	-	-
0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	-	-	-
0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	-	-	-
0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	-	-	-
0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(2,225,560)	(2,273,793)	(2,322,684)
0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,535,745)	(2,558,263)	(2,580,778)
0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(5,038,070)	(5,120,490)	(5,202,893)
0	3	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(634,936)	(636,980)	(639,024)
0	566	Water	304500-Struct & Imp-General	304500	10130450	304.5	(539,608)	(549,260)	(558,917)
0	884	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,514,844)	(1,521,854)	(1,528,861)
0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,747)	(1,764)	(1,780)
0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	(456,137)	(459,121)	(462,104)
0	56	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(119,473)	(122,835)	(126,189)
0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	(279,617)	(280,446)	(281,275)
0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(417,004)	(419,829)	(422,819)
0	24	Water	309000-Supply Mains	309000	10130900	309.2	(3,846,221)	(3,880,235)	(3,914,249)
0	707	Water	310000-Power Generation Equip	310000	10131000	310.2	(600,596)	(605,083)	(609,564)
0	0	Water	311000-Pumping Equipment	311000	10131100	311.2	(2,362,627)	(2,385,840)	(2,409,356)
0	755	Water	311200-Pump Equip Electric	311200	10131120	311.2	(211,359)	(231,127)	(250,880)
0	67	Water	311300-Pump Equip Diesel	311300	10131130	311.2	(11,357)	(12,063)	(12,769)
0	0	Water	311400-Pump Equip Hydraulic	311400	10131140	311.2	(45)	(57)	(69)
0	1,948	Water	311520-Pump Equip-SOS & Pumping	311520	10131152	311.2	(1,284,564)	(1,281,416)	(1,278,266)
0	0	Water	311530-Pump Equip Wtr Treatment	311530	10131153	311.3	242	242	242
0	35	Water	311540-Pumping Equipment TD	311540	10131154	311.4	66,187	66,515	66,843
0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(11,358,782)	(11,394,700)	(11,430,665)
0	0	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(788,340)	(803,360)	(818,380)
0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	(217,426)	(219,877)	(222,327)
0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	(4,147,999)	(4,170,505)	(4,193,011)
0	0	Water	330200-Ground Level Tanks	330200	10133000	330.4	(229,465)	(232,751)	(236,111)
0	0	Water	330400-Clearwell	330400	10133000	330.4	(152,754)	(154,289)	(155,824)
(42)	7,124	Water	331001-T&D Mains	331001	10133100	331.4	(41,977,992)	(42,366,671)	(42,756,238)
(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(1,115,278)	(1,114,600)	(1,113,922)
(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(2,439,057)	(2,436,377)	(2,433,696)
(0)	45	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(1,322,373)	(1,322,329)	(1,322,285)
0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(6,697,592)	(6,697,147)	(6,696,702)
(331)	7,774	Water	333000-Services	333000	10133300	333.4	(22,991,420)	(23,087,698)	(23,184,219)
(3,342)	5,078	Water	334100-Meters	334100	10133410	334.4	(452,924)	(505,362)	(557,879)
(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	334.4	(490,715)	(489,467)	(488,217)
(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	334.4	524,022	535,465	546,913
(823)	4,997	Water	334130-Meters Other	334130	10133410	334.4	(612,489)	(605,922)	(599,350)
(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	334.4	(70,295)	(70,312)	(70,329)
(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	334.4	(7,719,637)	(7,773,973)	(7,828,306)
(2)	811	Water	334300-Meter Vaults	334300	10133410	334.4	33,071	32,190	31,309

With Slippage

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense +
 Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

With Slippage	Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Accum Life & COR Depr Reserves		
								Jan-15	Feb-15	Mar-15
	(42)	2,569	Water	335000-Hydrants	335000	10133500	335.4	(5139,229,642)	(4,201,673)	(4,221,604)
	0	0	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(120,070,574)	(120,887,957)	(121,708,038)
	0	0	Water	339600-Other P/E-CPS	339600	10133910	339.1	(19,159,068)	(19,278,284)	(19,397,617)
	0	64	Water	340100-Office Furniture & Equip	340100	10134010	340.5			
	0	0	Water	340200-Comp & Periph Equip	340200	10134010	340.5			
	0	0	Water	340220-Comp & Periph Personal	340220	10134010	340.5			
	(21)	152	Water	340230-Comp & Periph Other	340230	10134010	340.5			
	0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5			
	0	0	Water	340300-Computer Software	340300	10134010	340.5			
	0	0	Water	340315-Computer Software - BT	340315	10134010	340.5			
	0	0	Water	340320-Comp Software Personal	340320	10134010	340.5			
	0	0	Water	340325-Comp Software Customized	340325	10134010	340.5			
	0	0	Water	340330-Comp Software Other	340330	10134010	340.5			
	0	0	Water	340500-Other Office Equipment	340500	10134010	340.5			
	(5,866)	(4)	Water	341100-Trans Equip Lt Duty Trucks	341100	10134100	341.5			
	(3,558)	0	Water	341200-Trans Equip Hwy Duty Trucks	341200	10134100	341.5			
	(1,044)	(9)	Water	341300-Trans Equip Autos	341300	10134100	341.5			
	(2,670)	46	Water	341400-Trans Equip Other	341400	10134100	341.5			
	0	0	Water	342000-Stores Equipment	342000	10134200	342.5			
	0	322	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5			
	0	295	Water	344000-Laboratory Equipment	344000	10134400	344.5			
	0	32	Water	345000-Power Operated Equipment	345000	10134500	345.5			
	0	98	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5			
	0	267	Water	346190-Remote Control & Instrument	346190	10134600	346.5			
	0	0	Water	346200-Comm Equip Telephone	346200	10134600	346.5			
	0	44	Water	347000-Misc Equipment	347000	10134700	347.5			
	0	0	Water	348000-Other Tangible Property	348000	10134800	348.5			
	\$ (21,330)	\$ 63,945						(\$139,229,642)	(\$140,166,241)	(\$141,105,655)

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	Total Accum Life & COR Depr Reserves			NARUC Acct	Total Life Reserve	Total COR Reserve	Apr-16	May-16	Jun-16
						Apr-16	May-16	Jun-16						
\$0	\$0	Water	301000-Organization	301000	10130100	\$0	\$0	\$0	301.1					\$0
0	0	Water	302000-Franchises	302000	10130200	-	-	-	302.1					-
0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	-	-	-	303.2					-
0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	-	-	-	303.2					-
0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	-	-	-	303.3					-
0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	-	-	-	303.4					-
0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	(2,371,586)	(2,420,547)	(2,469,596)	304.2					(2,469,596)
0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	(2,603,291)	(2,625,801)	(2,648,308)	304.2					(2,648,308)
0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	(5,285,279)	(5,367,648)	(5,449,999)	304.3					(5,449,999)
0	3	Water	304400-Struct & Imp-T&D	304400	10130440	(641,067)	(643,111)	(645,154)	304.4					(645,154)
0	566	Water	304500-Struct & Imp-General	304500	10130450	(568,579)	(578,324)	(588,152)	304.5					(588,152)
0	884	Water	304600-Struct & Imp-Offices	304600	10130450	(1,535,865)	(1,542,867)	(1,549,865)	304.5					(1,549,865)
0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	(1,797)	(1,814)	(1,831)	304.5					(1,831)
0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	(465,088)	(468,071)	(471,054)	304.5					(471,054)
0	56	Water	304800-Struct & Imp-Misc	304800	10130450	(129,532)	(132,867)	(136,191)	304.5					(136,191)
0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	(282,104)	(282,932)	(283,761)	305.2					(283,761)
0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	(425,812)	(428,820)	(431,851)	306.2					(431,851)
0	24	Water	309000-Supply Mains	309000	10130900	(3,948,262)	(3,982,276)	(4,016,290)	309.2					(4,016,290)
0	707	Water	310000-Power Generation Equip	310000	10131000	(614,041)	(618,512)	(622,977)	310.2					(622,977)
0	0	Water	311000-Pumping Equipment	311000	10131100	(2,432,877)	(2,456,426)	(2,480,016)	311.2					(2,480,016)
0	755	Water	311200-Pump Eqg Electric	311200	10131120	(270,620)	(290,345)	(310,057)	311.2					(310,057)
0	67	Water	311300-Pump Eqg Diesel	311300	10131130	(13,474)	(14,180)	(14,885)	311.2					(14,885)
0	0	Water	311400-Pump Eqg Hydraulic	311400	10131140	(82)	(94)	(106)	311.2					(106)
0	1,948	Water	311520-Pump Eqg-SOS & Pumping	311520	10131152	(1,275,113)	(1,271,958)	(1,268,801)	311.2					(1,268,801)
0	0	Water	311530-Pump Eqg Wtr Treatment	311530	10131153	242	242	242	311.3					242
0	35	Water	311540-Pumping Equipment TD	311540	10131154	67,172	67,502	67,834	311.4					67,834
0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	(11,466,542)	(11,502,340)	(11,538,065)	320.3					(11,538,065)
0	0	Water	320200-WT Equip Filter Media	320200	10132010	(833,400)	(848,420)	(863,440)	320.3					(863,440)
0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	(224,778)	(227,228)	(229,678)	330.4					(229,678)
0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	(4,215,516)	(4,238,019)	(4,260,522)	330.4					(4,260,522)
0	0	Water	330200-Ground Level Tanks	330200	10133000	(239,472)	(242,841)	(246,219)	330.4					(246,219)
0	0	Water	330400-Cleanwell	330400	10133000	(157,359)	(158,894)	(160,429)	330.4					(160,429)
(42)	7,124	Water	331001-T&D Mains	331001	10133100	(43,146,299)	(43,536,953)	(43,929,084)	331.4					(43,929,084)
(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	(1,113,243)	(1,112,565)	(1,111,886)	331.4					(1,111,886)
(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	(2,431,015)	(2,428,334)	(2,425,653)	331.4					(2,425,653)
0	45	Water	331300-TD Mains 10in to 16in	331300	10133100	(1,322,241)	(1,322,196)	(1,322,152)	331.4					(1,322,152)
0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	(6,696,257)	(6,695,812)	(6,695,366)	331.4					(6,695,366)
(331)	7,774	Water	333000-Services	333000	10133300	(23,280,954)	(23,377,929)	(23,475,240)	333.4					(23,475,240)
(3,342)	5,078	Water	334100-Meters	334100	10133410	(610,523)	(663,410)	(716,510)	334.4					(716,510)
(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	(486,967)	(485,716)	(484,465)	334.4					(484,465)
(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	(558,367)	(569,826)	(581,290)	334.4					(581,290)
(823)	4,997	Water	334130-Meters Other	334130	10133410	(592,771)	(586,187)	(579,597)	334.4					(579,597)
(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	(70,347)	(70,364)	(70,382)	334.4					(70,382)
(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	(7,882,635)	(7,936,961)	(7,991,284)	334.4					(7,991,284)
(2)	811	Water	334300-Meter Vaults	334300	10133410	30,430	29,552	28,675	334.4					28,675

With Slippage

Kentucky American Water Company
Case No. 2015-00418
Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	MARUC Acct	Total Accum Life & COR Depr Reserves		
							Apr-16	May-16	Jun-16
(42)	2,569	Water	335000-Hydrants	335000	10133500	335.4	(4,261,609)	(4,261,685)	(4,281,868)
0	0	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(120,203)	(121,759)	(123,315)
0	0	Water	339600-Other P/E-CPS	339600	10133910	339.1	(264,798)	(270,956)	(277,159)
0	64	Water	340100-Office Furniture & Equip	340100	10134010	340.5	(315,278)	(313,022)	(310,745)
0	0	Water	340200-Comp & Periph Equip	340200	10134010	340.5	(23,371)	(23,371)	(23,371)
0	0	Water	340220-Comp & Periph Personal	340220	10134010	340.5	(298,349)	(285,602)	(272,663)
(21)	152	Water	340230-Comp & Periph Other	340230	10134010	340.5	(637,529)	(635,699)	(633,843)
0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	-	-	-
0	0	Water	340300-Computer Software	340300	10134010	340.5	(171,876)	(74,970)	22,166
0	0	Water	340315-Computer Software - BT	340315	10134010	340.5	(4,098,620)	(4,196,168)	(4,293,716)
0	0	Water	340320-Comp Software Personal	340320	10134010	340.5	(117,367)	(117,367)	(117,367)
0	0	Water	340325-Comp Software Customized	340325	10134010	340.5	(266,748)	(266,748)	(266,593)
0	0	Water	340330-Comp Software Other	340330	10134010	340.5	(108,965)	(108,823)	(108,680)
0	0	Water	340500-Other Office Equipment	340500	10134010	340.5	(343)	(8)	329
(5,866)	(4)	Water	341100-Trans Equip Lt Duty Trucks	341100	10134100	341.5	(343,207)	(324,442)	(305,642)
(3,558)	0	Water	341200-Trans Equip Hwy Duty Trucks	341200	10134100	341.5	(225,620)	(221,085)	(216,525)
(1,044)	(9)	Water	341300-Trans Equip Autos	341300	10134100	341.5	(195,440)	(195,401)	(195,337)
(2,670)	46	Water	341400-Trans Equip Other	341400	10134100	341.5	(236,771)	(237,676)	(238,553)
0	0	Water	342000-Stores Equipment	342000	10134200	342.5	7,867	7,679	7,492
0	322	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	(937,440)	(945,239)	(953,153)
0	295	Water	344000-Laboratory Equipment	344000	10134400	344.5	(298,842)	(303,532)	(308,211)
0	32	Water	345000-Power Operated Equipment	345000	10134500	345.5	(876,830)	(878,966)	(881,103)
0	98	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	5,820	8,311	10,825
0	267	Water	346190-Remote Control & Instrument	346190	10134600	346.5	(678,118)	(697,416)	(716,713)
0	0	Water	346200-Comm Equip Telephone	346200	10134600	346.5	98,371	98,167	97,965
0	44	Water	347000-Misc Equipment	347000	10134700	347.5	(607,318)	(613,660)	(619,999)
0	0	Water	348000-Other Tangible Property	348000	10134800	348.5	(115,272)	(115,816)	(116,364)
\$ (21,330)	\$ 63,945					Total Unadjusted Balances	(\$142,046,585)	(\$142,988,893)	(\$143,932,968)

With Slippage

Kentucky American Water Company
Case No. 2015-00418
Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	Total Accum Life & COR Depr Reserves		
						Jul-16	Aug-16	Sep-16
\$0	\$0	Water	301000-Organization	301000	10130100	\$0	\$0	\$0
0	0	Water	302000-Franchises	302000	10130200	-	-	-
0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	-	-	-
0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	-	-	-
0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	-	-	-
0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	-	-	-
0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	(2,518,759)	(2,568,125)	(2,603,279)
0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	(2,670,813)	(2,693,315)	(2,712,703)
0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	(5,532,334)	(5,614,652)	(5,702,797)
0	3	Water	304400-Struct & Imp-T&D	304400	10130440	(647,198)	(649,241)	(650,316)
0	566	Water	304500-Struct & Imp-General	304500	10130450	(598,150)	(608,333)	(619,166)
0	884	Water	304600-Struct & Imp-Offices	304600	10130460	(1,556,860)	(1,563,852)	(1,575,937)
0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	(1,848)	(1,865)	(1,892)
0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	(474,038)	(477,021)	(479,607)
0	56	Water	304800-Struct & Imp-Misc	304800	10130450	(139,507)	(142,813)	(147,467)
0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	(284,589)	(285,418)	(286,423)
0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	(434,911)	(438,022)	(441,152)
0	24	Water	309000-Supply Mains	309000	10130900	(4,050,304)	(4,084,318)	(4,107,963)
0	707	Water	310000-Power Generation Equip	310000	10131000	(627,438)	(631,893)	(636,818)
0	0	Water	311000-Pumping Equipment	311000	10131100	(2,503,659)	(2,527,396)	(2,559,526)
0	755	Water	311200-Pump Eq Electric	311200	10131120	(329,883)	(349,824)	(379,762)
0	67	Water	311300-Pump Eq Diesel	311300	10131130	(15,591)	(16,296)	(17,351)
0	0	Water	311400-Pump Eq Hydraulic	311400	10131140	(118)	(130)	(157)
0	1,948	Water	311520-Pump Eq-SOS & Pumping	311520	10131152	(1,265,641)	(1,262,479)	(1,259,311)
0	0	Water	311530-Pump Eq Wtr Treatment	311530	10131153	242	242	242
0	35	Water	311540-Pumping Equipment TD	311540	10131154	68,166	68,499	68,788
0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	(11,573,724)	(11,609,334)	(11,666,313)
0	0	Water	320200-WT Equip Filter Media	320200	10132010	(878,460)	(893,480)	(895,119)
0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	(234,579)	(234,579)	(237,561)
0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	(4,283,024)	(4,305,525)	(4,327,073)
0	0	Water	330200-Ground Level Tanks	330200	10133000	(249,610)	(253,024)	(257,622)
0	0	Water	330400-Clearwell	330400	10133000	(163,963)	(163,498)	(165,088)
(42)	7,124	Water	331001-T&D Mains	331001	10133100	(44,322,352)	(44,717,187)	(45,081,366)
(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	(1,111,206)	(1,110,527)	(1,109,847)
(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	(2,422,973)	(2,420,292)	(2,417,611)
(0)	45	Water	331300-TD Mains 10in to 16in	331300	10133100	(1,322,108)	(1,322,064)	(1,322,020)
0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	(6,694,921)	(6,694,476)	(6,694,030)
(331)	7,774	Water	333000-Services	333000	10133300	(23,572,977)	(23,671,186)	(23,780,115)
(3,342)	5,078	Water	334100-Meters	334100	10133410	(769,953)	(823,699)	(894,810)
(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	(483,212)	(481,959)	(480,705)
(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	592,760	604,235	615,735
(823)	4,997	Water	334130-Meters Other	334130	10133410	(573,001)	(566,400)	(559,777)
(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	(70,399)	(70,416)	(70,434)
(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	(8,045,603)	(8,099,919)	(8,156,429)
(2)	811	Water	334300-Meter Vaults	334300	10133410	27,799	26,925	25,590

With Slippage

Kentucky American Water Company
Case No. 2015-00418

Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
Worksheet #: W/P - 1-2

With Slippage

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Accum Life & COR Depr Reserves		
							Jul-16	Aug-16	Sep-16
(42)	2,569	Water	335000-Hydrants	335000	10133500	335.4	(\$144,879,848)	(\$145,830,542)	(\$146,863,618)
0	0	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(125,003,105)	(125,832,851)	(126,696,795)
0	0	Water	339600-Other P/E-CPS	339600	10133910	339.1	(19,876,743)	(19,997,691)	(20,166,823)
0	64	Water	340100-Office Furniture & Equip	340100	10134010	340.5			
0	0	Water	340200-Comp & Periph Equip	340200	10134010	340.5			
0	0	Water	340220-Comp & Periph Personal	340220	10134010	340.5			
(21)	152	Water	340230-Comp & Periph Other	340230	10134010	340.5			
0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5			
0	0	Water	340300-Computer Software	340300	10134010	340.5			
0	0	Water	340315-Computer Software - BT	340315	10134010	340.5			
0	0	Water	340320-Comp Software Personal	340320	10134010	340.5			
0	0	Water	340325-Comp Software Customized	340325	10134010	340.5			
0	0	Water	340330-Comp Software Other	340330	10134010	340.5			
0	0	Water	340500-Other Office Equipment	340500	10134010	340.5			
(5,866)	(4)	Water	341100-Trans Equip Lt Duty Trucks	341100	10134100	341.5			
(3,558)	0	Water	341200-Trans Equip Hwy Duty Trucks	341200	10134100	341.5			
(1,044)	(9)	Water	341300-Trans Equip Autos	341300	10134100	341.5			
(2,670)	46	Water	341400-Trans Equip Other	341400	10134100	341.5			
0	0	Water	342000-Stores Equipment	342000	10134200	342.5			
0	322	Water	343000-Tools,Shop, Garage Equip	343000	10134300	343.5			
0	295	Water	344000-Laboratory Equipment	344000	10134400	344.5			
0	32	Water	345000-Power Operated Equipment	345000	10134500	345.5			
0	98	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5			
0	267	Water	346190-Remote Control & Instrument	346190	10134600	346.5			
0	0	Water	346200-Comm Equip Telephone	346200	10134600	346.5			
0	44	Water	347000-Misc Equipment	347000	10134700	347.5			
0	0	Water	348000-Other Tangible Property	348000	10134800	348.5			
\$ (21,330)	\$ 63,945						(\$144,879,848)	(\$145,830,542)	(\$146,863,618)

Kentucky American Water Company
Case No. 2015-00418
Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/p - 1-2

Workpaper #:	Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Accum Life & COR Depr Reserves		
								Oct-16	Nov-16	Dec-16
	\$0	\$0	Water	301000-Organization	301000	10130100	301.1	\$0	\$0	\$0
	0	0	Water	302000-Franchises	302000	10130200	302.1	-	-	-
	0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	-	-	-
	0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	-	-	-
	0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	-	-	-
	0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	-	-	-
	0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(2,638,621)	(2,674,137)	(2,709,828)
	0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,732,089)	(2,751,473)	(2,770,855)
	0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(5,790,926)	(5,879,040)	(5,967,138)
	0	3	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(651,392)	(652,467)	(653,542)
	0	566	Water	304500-Struct & Imp-General	304500	10130450	304.5	(630,120)	(641,129)	(652,165)
	0	884	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,588,017)	(1,600,092)	(1,612,163)
	0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,919)	(1,946)	(1,973)
	0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	(482,193)	(484,779)	(487,365)
	0	56	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(152,109)	(156,739)	(161,358)
	0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	(287,429)	(288,434)	(289,440)
	0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(444,347)	(447,601)	(450,914)
	0	24	Water	309000-Supply Mains	309000	10130900	309.2	(4,131,608)	(4,155,252)	(4,178,897)
	0	707	Water	310000-Power Generation Equip	310000	10131000	310.2	(641,737)	(646,698)	(651,724)
	0	0	Water	311000-Pumping Equipment	311000	10131100	311.2	(2,591,816)	(2,624,254)	(2,656,841)
	0	755	Water	311200-Pump Eqp Electric	311200	10131120	311.2	(409,913)	(440,277)	(470,968)
	0	67	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	(18,407)	(19,462)	(20,516)
	0	0	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	(183)	(209)	(236)
	0	1,948	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	(1,256,141)	(1,252,967)	(1,249,792)
	0	0	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	242	242	242
	0	35	Water	311540-Pumping Equipment TD	311540	10131154	311.4	69,078	69,370	69,662
	0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(11,723,252)	(11,780,147)	(11,836,999)
	0	0	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(896,759)	(898,398)	(900,037)
	0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	(240,543)	(243,524)	(246,506)
	0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	(4,348,621)	(4,370,168)	(4,391,713)
	0	0	Water	330200-Ground Level Tanks	330200	10133000	330.4	(262,259)	(266,932)	(271,641)
	0	0	Water	330400-Clearwell	330400	10133000	330.4	(166,678)	(168,267)	(169,857)
	(42)	7,124	Water	331001-T&D Mains	331001	10133100	331.4	(45,446,920)	(45,817,753)	(46,189,852)
	(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(1,109,167)	(1,108,487)	(1,107,807)
	(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(2,412,249)	(2,412,249)	(2,409,568)
	(0)	45	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(1,321,976)	(1,321,976)	(1,321,887)
	0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(6,693,585)	(6,693,140)	(6,692,694)
	(331)	7,774	Water	333000-Services	333000	10133300	333.4	(23,889,480)	(23,999,475)	(24,109,745)
	(3,342)	5,078	Water	334100-Meters	334100	10133410	334.4	(966,411)	(966,411)	(1,110,743)
	(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	334.4	(479,450)	(478,194)	(476,937)
	(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	334.4	627,242	638,756	650,278
	(823)	4,997	Water	334130-Meters Other	334130	10133410	334.4	(553,147)	(546,509)	(539,864)
	(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	334.4	(70,451)	(70,468)	(70,485)
	(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	334.4	(8,212,934)	(8,269,437)	(8,325,936)
	(2)	811	Water	334300-Meter Vaults	334300	10133410	334.4	24,257	22,926	21,596

With Slippage

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

Workpaper #:

With Slippage

	Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Accum Life & COR Depr Reserves		
								Oct-16	Nov-16	Dec-16
	(42)	2,569	Water	335000-Hydrants	335000	10133500	335.4	(\$147,900,131)	(\$148,943,933)	(\$149,990,619)
	0	0	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(127,563,446)	(128,435,685)	(129,310,211)
	0	0	Water	339600-Other P/E-CPS	339600	10133910	339.1	(20,336,685)	(20,508,248)	(20,680,407)
	0	64	Water	340100-Office Furniture & Equip	340100	10134010	340.5			
	0	0	Water	340200-Comp & Periph Equip	340200	10134010	340.5			
	0	0	Water	340220-Comp & Periph Personal	340220	10134010	340.5			
	(21)	152	Water	340230-Comp & Periph Other	340230	10134010	340.5			
	0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5			
	0	0	Water	340300-Computer Software	340300	10134010	340.5	407,640	502,765	597,395
	0	0	Water	340315-Computer Software - BT	340315	10134010	340.5	(4,683,906)	(4,781,454)	(4,879,002)
	0	0	Water	340320-Comp Software Personal	340320	10134010	340.5	(117,367)	(117,367)	(117,367)
	0	0	Water	340325-Comp Software Customized	340325	10134010	340.5	(265,949)	(265,783)	(265,614)
	0	0	Water	340330-Comp Software Other	340330	10134010	340.5	(108,084)	(107,930)	(107,773)
	0	0	Water	340500-Other Office Equipment	340500	10134010	340.5	1,699	2,047	2,397
	(5,866)	(4)	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(253,755)	(246,365)	(238,775)
	(3,558)	0	Water	341200-Trans Equip Hwy Duty Trks	341200	10134100	341.5	(222,853)	(230,482)	(238,021)
	(1,044)	(9)	Water	341300-Trans Equip Autos	341300	10134100	341.5	(195,742)	(196,001)	(196,230)
	(2,670)	46	Water	341400-Trans Equip Other	341400	10134100	341.5	(248,837)	(253,068)	(257,248)
	0	0	Water	342000-Stores Equipment	342000	10134200	342.5	6,743	6,556	6,369
	0	322	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	(987,541)	(996,391)	(1,005,269)
	0	295	Water	344000-Laboratory Equipment	344000	10134400	344.5	(326,813)	(331,436)	(336,047)
	0	32	Water	345000-Power Operated Equipment	345000	10134500	345.5	(890,987)	(893,793)	(896,598)
	0	98	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	21,102	23,727	26,373
	0	267	Water	346190-Remote Control & Instrument	346190	10134600	346.5	(795,697)	(815,842)	(836,217)
	0	0	Water	346200-Comm Equip Telephone	346200	10134600	346.5	97,174	96,980	96,788
	0	44	Water	347000-Misc Equipment	347000	10134700	347.5	(645,327)	(651,651)	(657,973)
	0	0	Water	348000-Other Tangible Property	348000	10134800	348.5	(118,593)	(119,159)	(119,728)
	\$ (21,330)	\$ 63,945						(\$147,900,131)	(\$148,943,933)	(\$149,990,619)

Kentucky American Water Company

Case No. 2015-00418

Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	Total Accum Life & COR Depr Reserves			NARUC Acct	Total Life Reserve	Total COR Reserve
						Jan-17	Feb-17	Mar-17			
\$0	\$0	Water	301000-Organization	301000	10130100	\$0	\$0	\$0	301.1		\$0
0	0	Water	302000-Franchises	302000	10130200	-	-	-	302.1		-
0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	-	-	-	303.2		-
0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	-	-	-	303.2		-
0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	-	-	-	303.3		-
0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	-	-	-	303.4		-
0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	(2,745,694)	(2,781,734)	(2,817,844)	304.2	(2,781,734)	(2,817,844)
0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	(2,790,234)	(2,809,611)	(2,828,986)	304.2	(2,809,611)	(2,828,986)
0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	(6,055,220)	(6,143,287)	(6,231,338)	304.3	(6,143,287)	(6,231,338)
0	3	Water	304400-Struct & Imp-T&D	304400	10130440	(654,617)	(655,692)	(656,768)	304.4	(655,692)	(656,768)
0	566	Water	304500-Struct & Imp-General	304500	10130450	(663,227)	(674,291)	(685,357)	304.5	(674,291)	(685,357)
0	884	Water	304600-Struct & Imp-Offices	304600	10130450	(1,624,229)	(1,636,291)	(1,648,348)	304.5	(1,636,291)	(1,648,348)
0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	(2,000)	(2,027)	(2,054)	304.5	(2,027)	(2,054)
0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	(489,951)	(492,537)	(495,123)	304.5	(492,537)	(495,123)
0	56	Water	304800-Struct & Imp-Misc	304800	10130450	(165,965)	(170,561)	(175,144)	304.5	(170,561)	(175,144)
0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	(290,445)	(291,450)	(292,455)	305.2	(291,450)	(292,455)
0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	(454,287)	(457,720)	(461,176)	306.2	(457,720)	(461,176)
0	24	Water	309000-Supply Mains	309000	10130900	(4,202,542)	(4,226,187)	(4,249,832)	309.2	(4,226,187)	(4,249,832)
0	707	Water	310000-Power Generation Equip	310000	10131000	(656,865)	(662,118)	(667,486)	310.2	(662,118)	(667,486)
0	0	Water	311000-Pumping Equipment	311000	10131100	(2,689,576)	(2,722,460)	(2,755,405)	311.2	(2,722,460)	(2,755,405)
0	755	Water	311200-Pump Eqp Electric	311200	10131120	(501,987)	(533,334)	(564,893)	311.2	(533,334)	(564,893)
0	67	Water	311300-Pump Eqp Diesel	311300	10131130	(21,571)	(22,626)	(23,680)	311.2	(22,626)	(23,680)
0	0	Water	311400-Pump Eqp Hydraulic	311400	10131140	(262)	(288)	(314)	311.2	(288)	(314)
0	1,948	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	(1,246,613)	(1,243,432)	(1,240,248)	311.2	(1,243,432)	(1,240,248)
0	0	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	242	242	242	311.3	242	242
0	35	Water	311540-Pumping Equipment TD	311540	10131154	69,956	70,251	70,547	311.4	70,251	70,547
0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	(11,893,808)	(11,950,574)	(12,007,264)	320.3	(11,950,574)	(12,007,264)
0	0	Water	320200-WT Equip Filter Media	320200	10132010	(901,677)	(903,316)	(904,955)	320.3	(903,316)	(904,955)
0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	(249,488)	(252,470)	(255,452)	330.4	(252,470)	(255,452)
0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	(4,413,258)	(4,434,802)	(4,456,345)	330.4	(4,434,802)	(4,456,345)
0	0	Water	330200-Ground Level Tanks	330200	10133000	(276,385)	(281,165)	(285,960)	330.4	(281,165)	(285,960)
0	0	Water	330400-Cleanwell	330400	10133000	(171,447)	(173,036)	(174,626)	330.4	(173,036)	(174,626)
(42)	7,124	Water	331001-T&D Mains	331001	10133100	(46,562,982)	(46,936,862)	(47,313,453)	331.4	(46,936,862)	(47,313,453)
(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	(1,107,126)	(1,106,446)	(1,105,765)	331.4	(1,106,446)	(1,105,765)
(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	(2,406,887)	(2,404,205)	(2,401,524)	331.4	(2,404,205)	(2,401,524)
0	45	Water	331300-TD Mains 10in to 16in	331300	10133100	(1,321,843)	(1,321,799)	(1,321,755)	331.4	(1,321,799)	(1,321,755)
0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	(6,692,249)	(6,691,803)	(6,691,358)	331.4	(6,691,803)	(6,691,358)
(331)	7,774	Water	333000-Services	333000	10133300	(24,220,226)	(24,330,875)	(24,442,288)	333.4	(24,330,875)	(24,442,288)
(3,342)	5,078	Water	334100-Meters	334100	10133410	(1,183,281)	(1,255,914)	(1,328,645)	334.4	(1,255,914)	(1,328,645)
(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	(475,679)	(474,421)	(473,161)	334.4	(474,421)	(473,161)
(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	661,807	673,343	684,887	334.4	673,343	684,887
(823)	4,997	Water	334130-Meters Other	334130	10133410	(533,212)	(526,552)	(519,885)	334.4	(526,552)	(519,885)
(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	(70,503)	(70,520)	(70,537)	334.4	(70,520)	(70,537)
(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	(8,382,432)	(8,438,924)	(8,495,413)	334.4	(8,438,924)	(8,495,413)
(2)	811	Water	334300-Meter Vaults	334300	10133410	20,267	18,939	17,613	334.4	18,939	17,613

With Slippage

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense +
 Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

		Total Accum Life & COR Depr Reserves		Jan-17	Feb-17	Mar-17
				(\$151,039,208)	(\$152,088,581)	(\$153,141,899)
Monthly Salvage Credit	Monthly Removal Cost Debit	Util. Plant Account	SAP G/L Account	Jan-17	Feb-17	Mar-17
(42)	2,569	335000	10133500	(4,481,257)	(4,513,442)	(4,545,911)
0	0	339100	10133910	(130,186,159)	(131,062,519)	(131,941,743)
0	0	339600	10133910	(20,853,048)	(21,026,062)	(21,200,156)
0	64	340100	10134010			
0	0	340200	10134010			
0	0	340220	10134010			
(21)	152	340230	10134010			
0	0	340240	10134010			
0	0	340300	10134010			
0	0	340315	10134010			
0	0	340320	10134010			
0	0	340325	10134010			
0	0	340330	10134010			
0	0	340500	10134010			
(5,866)	(4)	341100	10134100			
(3,558)	0	341200	10134100			
(1,044)	(9)	341300	10134100			
(2,670)	46	341400	10134100			
0	0	342000	10134200			
0	322	343000	10134300			
0	295	344000	10134400			
0	32	345000	10134500			
0	98	346100	10134600			
0	267	346190	10134600			
0	0	346200	10134600			
0	44	347000	10134700			
0	0	348000	10134800			
\$ (21,330)	\$ 63,945	Total Unadjusted Balances		(\$151,039,208)	(\$152,088,581)	(\$153,141,899)

With Slippage

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

Monthly Salvage Credit		Monthly Removal Cost		Utility	Account	Util. Plant Account	SAP G/L Account	Total Accum Life & COR Depr Reserves			
Debit	Credit	Debit	Credit					Apr-17	May-17	Jun-17	
\$0	\$0	50	0	Water	301000-Organization	301000	10130100	301.1	Apr-17	May-17	Jun-17
0	0	0	0	Water	302000-Franchises	302000	10130200	302.1	\$0	\$0	\$0
0	0	0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	-	-	-
0	0	0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	-	-	-
0	0	0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	-	-	-
0	0	0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	-	-	-
0	0	3,321	0	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(2,853,962)	(2,890,123)	(2,926,344)
0	0	350	0	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,848,358)	(2,867,728)	(2,887,096)
0	0	918	0	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(6,319,373)	(6,407,393)	(6,495,397)
0	0	3	0	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(657,843)	(658,918)	(659,993)
0	0	566	0	Water	304500-Struct & Imp-General	304500	10130450	304.5	(696,424)	(707,509)	(718,635)
0	0	884	0	Water	304600-Struct & Imp-Offices	304600	10130460	304.5	(1,660,400)	(1,672,448)	(1,684,492)
0	0	0	0	Water	304610-Struct & Imp-HVAC	304610	10130460	304.5	(2,081)	(2,108)	(2,135)
0	0	5	0	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	(497,709)	(500,295)	(502,881)
0	0	56	0	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(179,716)	(184,276)	(188,824)
0	0	0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	(293,459)	(294,464)	(295,468)
0	0	39	0	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(464,635)	(468,109)	(471,605)
0	0	24	0	Water	309000-Supply Mains	309000	10130900	309.2	(4,273,476)	(4,320,766)	(4,370,766)
0	0	707	0	Water	310000-Power Generation Equip	310000	10131000	310.2	(672,966)	(678,679)	(684,625)
0	0	0	0	Water	311000-Pumping Equipment	311000	10131100	311.2	(2,788,356)	(2,854,386)	(2,921,386)
0	0	755	0	Water	311200-Pump Eqp Electric	311200	10131120	311.2	(596,781)	(629,112)	(661,886)
0	0	67	0	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	(24,735)	(25,789)	(26,843)
0	0	0	0	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	(341)	(367)	(393)
0	0	1,948	0	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	(1,237,061)	(1,233,872)	(1,230,679)
0	0	0	0	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	242	242	242
0	0	35	0	Water	311540-Pumping Equipment TD	311540	10131154	311.4	70,845	71,144	71,444
0	0	7,202	0	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(12,063,859)	(12,120,369)	(12,176,802)
0	0	0	0	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(906,595)	(908,234)	(909,873)
0	0	0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	(258,433)	(261,415)	(264,397)
0	0	131	0	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	(4,477,888)	(4,499,429)	(4,520,969)
0	0	0	0	Water	330200-Ground Level Tanks	330200	10133000	330.4	(290,756)	(295,561)	(300,379)
0	0	0	0	Water	330400-Clearwell	330400	10133000	330.4	(176,215)	(177,805)	(179,395)
(42)	(42)	7,124	0	Water	331001-T&D Mains	331001	10133100	331.4	(47,690,420)	(48,067,805)	(48,445,894)
(6)	(6)	498	0	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(1,105,083)	(1,104,402)	(1,103,720)
(103)	(103)	2,751	0	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(2,398,843)	(2,396,152)	(2,393,480)
(0)	(0)	45	0	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(1,321,711)	(1,321,667)	(1,321,623)
0	0	413	0	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(6,690,912)	(6,690,466)	(6,690,021)
(331)	(331)	7,774	0	Water	333000-Services	333000	10133300	333.4	(24,553,913)	(24,665,766)	(24,777,912)
(3,342)	(3,342)	5,078	0	Water	334100-Meters	334100	10133410	334.4	(1,401,540)	(1,474,789)	(1,548,346)
(168)	(168)	1,074	0	Water	334110-Meters Bronze Case	334110	10133410	334.4	(471,901)	(470,640)	(469,378)
(695)	(695)	10,119	0	Water	334120-Meters Plastic Case	334120	10133410	334.4	696,438	707,996	719,562
(823)	(823)	4,997	0	Water	334130-Meters Other	334130	10133410	334.4	(513,211)	(506,529)	(499,840)
(2)	(2)	(20)	0	Water	334131-Meter Reading Units	334131	10133410	334.4	(70,554)	(70,572)	(70,589)
(2,616)	(2,616)	2,392	0	Water	334200-Meter Installations	334200	10133420	334.4	(8,551,898)	(8,608,380)	(8,664,858)
(2)	(2)	811	0	Water	334300-Meter Vaults	334300	10133410	334.4	16,288	14,965	13,642

With Slippage

Kentucky American Water Company
Case No. 2015-00418
Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense +
 Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 Workpaper #: W/P - 1-2

With Slippage

Monthly Salvage Credit		Monthly Removal Cost Debit		Utility	Account	Util. Plant Account	SAP G/L Account	Total Accum Life & COR Depr Reserves	Apr-17	May-17	Jun-17
(42)	0	2,569	0	Water	335000-Hydrants	335000	10133500	(132,822,372)	(132,822,372)	(133,705,279)	(134,591,243)
0	0	0	0	Water	339100-Other P/E-Intangible	339100	10133910	(21,374,525)	(21,374,525)	(21,549,255)	(21,724,451)
0	0	0	0	Water	339600-Other P/E-CPS	339600	10133910				
0	64	0	0	Water	340100-Office Furniture & Equip	340100	10134010				
0	0	0	0	Water	340200-Comp & Periph Equip	340200	10134010				
0	0	0	0	Water	340220-Comp & Periph Personal	340220	10134010				
(21)	152	0	0	Water	340230-Comp & Periph Other	340230	10134010				
0	0	0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010				
0	0	0	0	Water	340300-Computer Software	340300	10134010				
0	0	0	0	Water	340315-Computer Software - BT	340315	10134010				
0	0	0	0	Water	340320-Comp Software Personal	340320	10134010				
0	0	0	0	Water	340325-Comp Software Customized	340325	10134010				
0	0	0	0	Water	340330-Comp Software Other	340330	10134010				
0	0	0	0	Water	340500-Other Office Equipment	340500	10134010				
(5,866)	(4)	0	0	Water	341100-Trans Equip Lt Duty Trks	341100	10134100				
(3,558)	0	0	0	Water	341200-Trans Equip Hwy Duty Trks	341200	10134100				
(1,044)	(9)	0	0	Water	341300-Trans Equip Autos	341300	10134100				
(2,670)	46	0	0	Water	341400-Trans Equip Other	341400	10134100				
0	0	0	0	Water	342000-Stores Equipment	342000	10134200				
0	322	0	0	Water	343000-Tools,Shop,Garage Equip	343000	10134300				
0	295	0	0	Water	344000-Laboratory Equipment	344000	10134400				
0	32	0	0	Water	345000-Power Operated Equipment	345000	10134500				
0	98	0	0	Water	346100-Comm Equip Non-Telephone	346100	10134600				
0	267	0	0	Water	346190-Remote Control & Instrument	346190	10134600				
0	0	0	0	Water	346200-Comm Equip Telephone	346200	10134600				
0	44	0	0	Water	347000-Misc Equipment	347000	10134700				
0	0	0	0	Water	348000-Other Tangible Property	348000	10134800				
\$ (21,330)	\$ 63,945										
Total Unadjusted Balances								(\$154,196,897)	(\$155,254,534)	(\$156,315,694)	

Kentucky American Water Company
Case No. 2015-00418
Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credits + Monthly Cost of Removal Debit
 W/P - 1-2

With Slippage

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	Total Accum Life & COR Depr Reserves		Base Period as of	
						Jul-17	Aug-17	Jul-17	Aug-17
\$0	\$0	Water	301000-Organization	301000	10130100	\$0	\$0	\$0	\$0
0	0	Water	302000-Franchises	302000	10130200	-	-	-	-
0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	-	-	-	-
0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	-	-	-	-
0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	-	-	-	-
0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	-	-	-	-
0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	(2,962,635)	(2,999,065)	(2,371,586)	
0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	(2,906,462)	(2,925,825)	(2,603,291)	
0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	(6,583,385)	(6,671,357)	(5,285,279)	
0	3	Water	304400-Struct & Imp-T&D	304400	10130440	(661,068)	(662,144)	(641,067)	
0	566	Water	304500-Struct & Imp-General	304500	10130450	(1,696,530)	(1,708,565)	(1,535,865)	
0	884	Water	304600-Struct & Imp-Offices	304600	10130460	(2,162)	(2,189)	(1,797)	
0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	(505,467)	(508,053)	(465,088)	
0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	(193,361)	(197,885)	(129,532)	
0	56	Water	304800-Struct & Imp-Misc	304800	10130450	(296,472)	(297,477)	(282,104)	
0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	(475,123)	(478,690)	(425,812)	
0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	(4,344,411)	(4,368,055)	(3,948,262)	
0	24	Water	309000-Supply Mains	309000	10130900	(690,803)	(697,214)	(614,041)	
0	707	Water	310000-Power Generation Equip	310000	10131000	(2,887,486)	(2,920,706)	(2,432,877)	
0	0	Water	311000-Pumping Equipment	311000	10131100	(695,104)	(728,812)	(270,620)	
0	755	Water	311200-Pump Equip Electric	311200	10131120	(27,898)	(28,951)	(13,474)	
0	67	Water	311300-Pump Equip Diesel	311300	10131130	(419)	(446)	(82)	
0	0	Water	311400-Pump Equip Hydraulic	311400	10131140	(1,227,485)	(1,224,287)	(1,275,113)	
0	1,948	Water	311520-Pump Equip-SOS & Pumping	311520	10131152	242	242	242	
0	0	Water	311530-Pump Equip Wtr Treatment	311530	10131153	71,745	72,047	67,172	
0	35	Water	311540-Pumping Equipment TD	311540	10131154	(12,233,158)	(12,289,460)	(11,466,542)	
0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	(911,513)	(913,152)	(833,400)	
0	0	Water	320200-WT Equip Filter Media	320200	10132010	(267,379)	(270,361)	(224,778)	
0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	(4,542,509)	(4,564,047)	(4,215,516)	
0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	(305,210)	(310,070)	(239,472)	
0	0	Water	330200-Ground Level Tanks	330200	10133000	(180,984)	(182,574)	(157,359)	
0	0	Water	330400-Clearwell	330400	10133000	(48,824,983)	(49,205,364)	(43,146,299)	
(42)	7,124	Water	331001-T&D Mains	331001	10133100	(1,103,038)	(1,102,356)	(1,113,243)	
(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	(2,390,799)	(2,388,118)	(2,431,015)	
(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	(1,321,534)	(1,322,241)	(1,322,241)	
(0)	45	Water	331300-TD Mains 10in to 16in	331300	10133100	(6,689,575)	(6,689,129)	(6,696,257)	
0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	(24,890,473)	(25,003,486)	(23,280,954)	
(331)	7,774	Water	333000-Services	333000	10133300	(1,622,404)	(1,696,879)	(610,523)	
(3,342)	5,078	Water	334100-Meters	334100	10133410	(468,116)	(466,852)	(486,967)	
(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	731,135	742,715	558,367	
(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	(493,144)	(486,441)	(592,771)	
(823)	4,997	Water	334130-Meters Other	334130	10133410	(70,606)	(70,623)	(70,347)	
(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	(8,721,333)	(8,777,805)	(7,882,635)	
(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	11,002	11,002	30,430	
(2)	811	Water	334300-Meter Vaults	334300	10133410				

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense +
 Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

With Slippage

Account	Utility	Monthly Removal Cost Debit	Monthly Salvage Credit	Total Accum Life & COR Depr Reserves			Base Period as of		
				Util. Plant Account	SAP G/L Account	NARUC Acct	Jul-17	Aug-17	30-Apr-16
335000-Hydrants	Water	2,569	(42)	335000	10133500	335.4	(4,676,917)	(4,710,062)	(4,241,609)
339100-Other P/E-Intangible	Water	0	0	339100	10133910	339.1	(135,252)	(136,054)	(120,203)
339600-Other P/E-CPS	Water	0	0	339600	10133910	339.1	(356,536)	(362,822)	(264,798)
340100-Office Furniture & Equip	Water	64	0	340100	10134010	340.5	(290,109)	(289,844)	(315,278)
340200-Comp & Periph Equip	Water	0	0	340200	10134010	340.5	(363,376)	(394,285)	(23,371)
340220-Comp & Periph Personal	Water	0	0	340220	10134010	340.5	(86,875)	(71,231)	(298,349)
340230-Comp & Periph Other	Water	152	(21)	340230	10134010	340.5	(607,373)	(605,157)	(637,529)
340240-Comp & Periph Capital Lease	Water	0	0	340240	10134010	340.5	-	-	-
340300-Computer Software	Water	0	0	340300	10134010	340.5	1,259,130	1,352,340	(171,876)
340315-Computer Software - BT	Water	0	0	340315	10134010	340.5	(5,561,835)	(5,659,383)	(4,098,620)
340320-Comp Software Personal	Water	0	0	340320	10134010	340.5	(117,367)	(117,367)	(117,367)
340325-Comp Software Customized	Water	0	0	340325	10134010	340.5	(264,366)	(264,178)	(266,901)
340330-Comp Software Other	Water	0	0	340330	10134010	340.5	(106,618)	(106,445)	(108,965)
340500-Other Office Equipment	Water	0	0	340500	10134010	340.5	4,907	5,275	(343)
341100-Trans Equip Lt Duty Trucks	Water	(4)	(5,866)	341100	10134100	341.5	(182,409)	(175,097)	(343,207)
341200-Trans Equip Hwy Duty Trucks	Water	0	(3,558)	341200	10134100	341.5	(290,457)	(299,015)	(225,620)
341300-Trans Equip Autos	Water	(9)	(1,044)	341300	10134100	341.5	(199,755)	(201,964)	(195,440)
341400-Trans Equip Other	Water	46	(2,670)	341400	10134100	341.5	(285,070)	(288,839)	(236,771)
342000-Stores Equipment	Water	0	0	342000	10134200	342.5	5,063	4,876	7,867
343000-Tools,Shop,Garage Equip	Water	322	0	343000	10134300	343.5	(1,068,670)	(1,078,347)	(937,440)
344000-Laboratory Equipment	Water	295	0	344000	10134400	344.5	(368,015)	(372,537)	(298,842)
345000-Power Operated Equipment	Water	32	0	345000	10134500	345.5	(916,217)	(919,018)	(876,830)
346100-Comm Equip Non-Telephone	Water	98	0	346100	10134600	346.5	45,523	48,347	5,820
346190-Remote Control & Instrument	Water	267	0	346190	10134600	346.5	(981,604)	(1,003,054)	(678,118)
346200-Comm Equip Telephone	Water	0	0	346200	10134600	346.5	95,492	95,313	98,371
347000-Misc Equipment	Water	44	0	347000	10134700	347.5	(702,144)	(708,443)	(607,318)
348000-Other Tangible Property	Water	0	0	348000	10134800	348.5	(123,780)	(124,373)	(115,272)
				Total Unadjusted Balances			(\$157,382,211)	(\$158,455,328)	(\$140,166,241)
					\$ (21,330)	\$	63,945		

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense +
 Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

Forecast Period
 13-Month Avg

Aug 16 - Aug 17
 (\$152,107,938)

Total Accum Life & COR Depr Reserves

Total Life Reserve
 Total COR Reserve

Forecast Period
 13 Mo Avg

(131,077,584)
 (21,030,354)

Forecast Period
 13 Mo Avg

(131,077,584)
 (21,030,354)

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Forecast Period 13 Mo Avg
\$0	\$0	Water	301000-Organization	301000	10130100	301.1	\$0
0	0	Water	302000-Franchises	302000	10130200	302.1	-
0	0	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	-
0	0	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	-
0	0	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	-
0	0	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	-
0	3,321	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(2,782,415)
0	350	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,809,595)
0	918	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(6,143,177)
0	3	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(655,692)
0	566	Water	304500-Struct & Imp-General	304500	10130450	304.5	(674,485)
0	884	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,636,259)
0	0	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(2,027)
0	5	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	(492,537)
0	56	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(170,478)
0	0	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	(291,449)
0	39	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(457,952)
0	24	Water	309000-Supply Mains	309000	10130900	309.2	(4,226,187)
0	707	Water	310000-Power Generation Equip	310000	10131000	310.2	(663,048)
0	0	Water	311000-Pumping Equipment	311000	10131100	311.2	(2,723,043)
0	755	Water	311200-Pump Eq Electric	311200	10131120	311.2	(535,589)
0	67	Water	311300-Pump Eq Diesel	311300	10131130	311.2	(22,625)
0	0	Water	311400-Pump Eq Hydraulic	311400	10131140	311.2	(288)
0	1,948	Water	311520-Pump Eq-SOS & Pumping	311520	10131152	311.2	(1,243,413)
0	0	Water	311530-Pump Eq Wtr Treatment	311530	10131153	311.3	242
0	35	Water	311540-Pumping Equipment TD	311540	10131154	311.4	70,260
0	7,202	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(11,950,103)
0	0	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(903,316)
0	0	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	(252,470)
0	131	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	(4,434,796)
0	0	Water	330200-Ground Level Tanks	330200	10133000	330.4	(281,305)
0	0	Water	330400-Clearwell	330400	10133000	330.4	(173,036)
(42)	7,124	Water	331001-T&D Mains	331001	10133100	331.4	(46,946,219)
(6)	498	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(1,106,444)
(103)	2,751	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(2,404,205)
(0)	45	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(1,321,799)
0	413	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(6,691,803)
(331)	7,774	Water	333000-Services	333000	10133300	333.4	(24,333,457)
(3,342)	5,078	Water	334100-Meters	334100	10133410	334.4	(1,257,375)
(168)	1,074	Water	334110-Meters Bronze Case	334110	10133410	334.4	(474,415)
(695)	10,119	Water	334120-Meters Plastic Case	334120	10133410	334.4	673,395
(823)	4,997	Water	334130-Meters Other	334130	10133410	334.4	(526,501)
(2)	(20)	Water	334131-Meter Reading Units	334131	10133410	334.4	(70,520)
(2,616)	2,392	Water	334200-Meter Installations	334200	10133420	334.4	(8,438,900)
(2)	811	Water	334300-Meter Vaults	334300	10133410	334.4	18,949

Kentucky American Water Company
 Case No. 2015-00418
 Accumulated Reserve Balances by Month, October 2015 - August 2017

Forecast Period
 13-Month Avg

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit
 W/P - 1-2

Aug 16 - Aug 17
 (\$152,107,938)

Monthly Salvage Credit	Monthly Removal Cost Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Total Life Reserve	Forecast Period 13 Mo Avg
(42)	2,569	Water	335000-Hydrants	335000	10133500	335.4	(131,077,584)	(4,514,567)
0	0	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(21,030,354)	(131,241)
0	0	Water	339600-Other P/E-CPS	339600	10133910	339.1		(325,906)
0	64	Water	340100-Office Furniture & Equip	340100	10134010	340.5		(296,753)
0	0	Water	340200-Comp & Periph Equip	340200	10134010	340.5		(208,828)
0	0	Water	340220-Comp & Periph Personal	340220	10134010	340.5		(160,842)
(21)	152	Water	340230-Comp & Periph Other	340230	10134010	340.5		(617,889)
0	0	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5		-
0	0	Water	340300-Computer Software	340300	10134010	340.5		786,422
0	0	Water	340315-Computer Software - BT	340315	10134010	340.5		(5,074,097)
0	0	Water	340320-Comp Software Personal	340320	10134010	340.5		(117,367)
0	0	Water	340325-Comp Software Customized	340325	10134010	340.5		(265,253)
0	0	Water	340330-Comp Software Other	340330	10134010	340.5		(107,439)
0	0	Water	340500-Other Office Equipment	340500	10134010	340.5		3,118
(5,866)	(4)	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5		(222,234)
(3,558)	(9)	Water	341200-Trans Equip Hwy Duty Trks	341200	10134100	341.5		(252,788)
(1,044)	(9)	Water	341300-Trans Equip Autos	341300	10134100	341.5		(197,131)
(2,670)	46	Water	341400-Trans Equip Other	341400	10134100	341.5		(265,095)
0	0	Water	342000-Stores Equipment	342000	10134200	342.5		5,996
0	322	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5		(1,023,408)
0	295	Water	344000-Laboratory Equipment	344000	10134400	344.5		(345,158)
0	32	Water	345000-Power Operated Equipment	345000	10134500	345.5		(902,202)
0	98	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5		31,889
0	267	Water	346190-Remote Control & Instrument	346190	10134600	346.5		(878,032)
0	0	Water	346200-Comm Equip Telephone	346200	10134600	346.5		96,421
0	44	Water	347000-Misc Equipment	347000	10134700	347.5		(670,588)
0	0	Water	348000-Other Tangible Property	348000	10134800	348.5		(120,890)
\$ (21,330)	\$ 63,945					Total Unadjusted Balances		(\$152,107,938)

With Slippage

Kentucky American Water Company
 Case No. 2015-00418
 CWIP Balance by Month, October 2015 - August 2017

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
 Workpaper: W/P 1-3

Account		FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months in Construx	Water CWIP Bal Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
CWIP Balance													
AFUDC Eligible CWIP Balance													
331001	D12-**01-P		331001-T&D Mains	10133100	331.4	N	2	\$625,605	\$440,425	\$233,552	\$238,343	\$291,308	\$391,941
335000			335000-Hydrants	10133500	335.4	N	2	27,477	27,919	25,950	26,483	32,368	43,549
333000			333000-Services	10133300	333.4	N	2	66,216	33,108	-	-	-	-
334200			334200-Meter Installations	10133420	334.4	N	2	-	-	-	-	-	-
334100			334100-Meters	10133410	334.4	N	2	2,584	1,292	-	-	-	-
331001	R12-**A1		331001-T&D Mains	10133100	331.4	Y	2	441,352	324,252	196,559	110,638	47,080	88,275
301000			301000-Organization	10130100	301.0	N	2	-	-	-	-	-	-
331001	R12-**B1		331001-T&D Mains	10133100	331.4	Y	2	3,342,932	1,918,502	392,984	240,108	188,320	282,480
333000			333000-Services	10133300	333.4	Y	2	24,704	39,298	24,011	18,832	28,248	28,248
334100			334100-Meters	10133410	334.4	Y	2	18,528	29,474	18,008	14,124	21,186	21,186
335000			335000-Hydrants	10133500	335.4	Y	2	334	18,695	29,474	18,008	14,124	21,186
331001	R12-**C1		331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-	-
331001	R12-**D1		331001-T&D Mains	10133100	331.4	Y	2	60,136	207,501	338,976	166,840	13,241	15,890
335000			335000-Hydrants	10133500	335.4	Y	2	19,715	37,664	18,538	1,471	1,766	1,766
335000	R12-**E1		335000-Hydrants	10133500	335.4	Y	1	21,464	21,464	21,464	21,464	21,464	21,464
331001	R12-**F1		331001-T&D Mains	10133100	331.4	Y	1	65,553	65,553	65,553	65,553	65,553	65,553
333000	R12-**G1		333000-Services	10133300	333.4	N	1	-	-	-	-	-	-
333000	R12-**H1		333000-Services	10133300	333.4	N	1	217	217	217	217	217	217
334100	R12-**I1		334100-Meters	10133410	334.4	N	1	31,550	31,550	31,550	31,550	31,550	31,550
334100	R12-**J1		334100-Meters	10133410	334.4	Y	1	-	-	-	-	-	-
339200			339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-	-	-
340100	R12-**K1		340100-Office Furniture & Equip	10134010	340.5	Y	1	527,223	527,223	527,223	527,223	527,223	527,223
340300			340300-Computer Software	10134010	340.5	Y	1	36,131	36,131	36,131	36,131	36,131	36,131
347000			347000-Misc Equipment	10134700	347.5	Y	1	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031
320100	R12-**L1		320100-Wt Equip Non-Media	10132010	320.3	Y	1	51,180	51,180	51,180	51,180	51,180	51,180
340200			340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-	-	-
340300			340300-Computer Software	10134010	340.5	Y	1	-	-	-	-	-	-
304500	R12-**M1		304500-Struct & Imp-General	10130450	304.5	Y	1	3,000	3,000	3,000	3,000	3,000	3,000
304500	R12-**N1		304500-Struct & Imp-General	10130450	304.5	Y	1	5,812	5,812	5,812	5,812	5,812	5,812
0			0		0	N	1	-	-	-	-	-	-
0			0		0	N	1	-	-	-	-	-	-
0			0		0	N	1	-	-	-	-	-	-
0			0		0	N	1	-	-	-	-	-	-

With Slippage

Kentucky American Water Company

Case No. 2015-00418

CWIP Balance by Month, October 2015 - August 2017

Automatically calculates: Prior month balance + Capital Additions - Placed in

Service Amounts

Worksheet: W/P 1-3

With Slippage

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months in Construx	AFUDC Eligible CWIP Balance	CWIP Balance				
								Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
310000	112-020021	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	\$20,511,807	\$20,961,000	\$20,529,717	\$20,510,647	\$20,380,427	\$22,074,767
331001	112-020056	331001-T&D Mains	10133100	331.4	Y	3/31/2016	341,994	340,970	325,570	276,950	247,600	634,006
333000		333000-Services	10133300	333.4	Y	3/31/2016		(120)	(1,932)	(7,652)	(11,105)	(2,500)
335000		335000-Hydrants	10133500	335.4	Y	3/31/2016		(60)	(966)	(3,826)	(5,553)	(1,250)
304500	112-020050	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017						

Water CWIP Bal Oct-15

Kentucky American Water Company
 Case No. 2015-00418
 CWIP Balance by Month, October 2015 - August 2017
 Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
 Workpaper: W/P 1-3

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
331001	D12-**01-P	331001-T&D Mains	10133100	331.4	N	\$466,092	\$476,685	\$508,464	\$556,133	\$582,615	\$556,133	\$481,982	\$376,052
335000		335000-Hydrants	10133500	335.4	N	51,788	52,965	56,496	61,793	64,735	61,793	53,554	41,784
333000		333000-Services	10133300	333.4	N	-	-	-	-	-	-	-	-
334200		334200-Meter Installations	10133420	334.4	N	-	-	-	-	-	-	-	-
334100		334100-Meters	10133410	334.4	N	-	-	-	-	-	-	-	-
331001	R12-**A1	331001-T&D Mains	10133100	331.4	Y	158,895	306,020	441,375	470,800	470,800	411,950	264,825	158,895
301000		301000-Organization	10130100	301.0	N	-	-	-	-	-	-	-	-
331001	R12-**B1	331001-T&D Mains	10133100	331.4	Y	470,800	706,200	847,440	823,900	842,732	819,192	659,120	470,800
333000		333000-Services	10133300	333.4	Y	47,080	70,620	84,744	82,390	84,273	81,919	65,912	47,080
334100		334100-Meters	10133410	334.4	Y	35,310	52,965	63,558	61,793	63,205	61,439	49,434	35,310
335000		335000-Hydrants	10133500	335.4	Y	35,310	52,965	63,558	61,793	63,205	61,439	49,434	35,310
331001	R12-**C1	331001-T&D Mains	10133100	331.4	N	-	-	-	-	-	-	-	-
331001	R12-**D1	331001-T&D Mains	10133100	331.4	Y	23,834	42,372	68,855	84,744	84,744	74,151	52,965	31,779
335000		335000-Hydrants	10133500	335.4	Y	2,648	4,708	7,651	9,416	9,416	8,239	5,885	3,531
335000	R12-**E1	335000-Hydrants	10133500	335.4	Y	21,464	21,464	21,464	21,464	21,464	21,464	21,464	21,464
331001		331001-T&D Mains	10133100	331.4	Y	-	-	-	-	-	-	-	-
335000	R12-**F1	335000-Hydrants	10133500	335.4	Y	65,553	65,553	65,553	65,553	65,553	65,553	65,553	65,553
331001		331001-T&D Mains	10133100	331.4	Y	-	-	-	-	-	-	-	-
333000	R12-**G1	333000-Services	10133300	333.4	N	-	-	-	-	-	-	-	-
333000	R12-**H1	333000-Services	10133300	333.4	N	217	217	217	217	217	217	217	217
334100	R12-**I1	334100-Meters	10133410	334.4	N	31,550	31,550	31,550	31,550	31,550	31,550	31,550	31,550
334100	R12-**J1	334100-Meters	10133410	334.4	Y	-	-	-	-	-	-	-	-
339200		339200-Other P/E-Supply	10133920	339.2	Y	-	-	-	-	-	-	-	-
340100	R12-**K1	340100-Office Furniture & Equip	10134010	340.5	Y	527,223	527,223	527,223	527,223	527,223	527,223	527,223	527,223
340300		340300-Computer Software	10134010	340.5	Y	36,131	36,131	36,131	36,131	36,131	36,131	36,131	36,131
347000		347000-Misc Equipment	10134700	347.5	Y	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031
320100	R12-**L1	320100-W/E Equip Non-Media	10132010	320.3	Y	51,180	51,180	51,180	51,180	51,180	51,180	51,180	51,180
340200		340200-Comp & Periph Equip	10134020	340.5	Y	-	-	-	-	-	-	-	-
340300		340300-Computer Software	10134010	340.5	Y	-	-	-	-	-	-	-	-
304500	R12-**M1	304500-Struct & Imp-General	10130450	304.5	Y	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
304500	R12-**N1	304500-Struct & Imp-General	10130450	304.5	Y	5,812	5,812	5,812	5,812	5,812	5,812	5,812	5,812
0		0		0	N	-	-	-	-	-	-	-	-
0		0		0	N	-	-	-	-	-	-	-	-
0		0		0	N	-	-	-	-	-	-	-	-

Kentucky American Water Company
 Case No. 2015-00418
 CWIP Balance by Month, October 2015 - August 2017
 Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
 Worksheet: W/P 1-3

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	AFUDC Y/N	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
331001	D12-**01-P	331001-T&D Mains	10133100	331.4	N	N	\$9,028,869	\$8,467,852	\$6,470,382	\$6,932,925	\$7,524,947	\$8,532,404	\$9,288,735	\$9,372,631
335000		335000-Hydrants	10133500	335.4	N	N		\$291,308	\$291,308	\$391,941	\$466,092	\$476,685	\$508,464	\$556,133
333000		333000-Services	10133300	333.4	N	N		32,368	32,368	43,549	51,788	52,965	56,496	61,793
334200		334200-Meter Installations	10133420	334.4	N	N		-	-	-	-	-	-	-
334100		334100-Meters	10133410	334.4	N	N		-	-	-	-	-	-	-
331001	R12-**A1	331001-T&D Mains	10133100	331.4	Y	Y	\$8,217,209	\$7,685,616	\$5,596,546	\$5,901,474	\$6,411,107	\$7,388,473	\$8,091,174	\$8,122,105
301000		301000-Organization	10130100	301.0	N	N		47,080	35,310	47,080	111,815	205,975	235,400	235,400
331001	R12-**B1	331001-T&D Mains	10133100	331.4	Y	Y		212,802	188,320	282,480	470,800	706,200	847,440	823,900
333000		333000-Services	10133300	333.4	Y	Y		30,696	18,832	28,248	47,080	70,620	84,744	82,390
334100		334100-Meters	10133410	334.4	Y	Y		23,022	14,124	21,186	35,310	52,965	63,558	61,793
335000		335000-Hydrants	10133500	335.4	Y	Y		15,960	14,124	21,186	35,310	52,965	63,558	61,793
331001	R12-**C1	331001-T&D Mains	10133100	331.4	N	N		21,464	21,464	21,464	21,464	21,464	21,464	21,464
331001	R12-**D1	331001-T&D Mains	10133100	331.4	Y	Y		21,186	21,186	31,779	63,558	84,744	95,337	105,980
335000		335000-Hydrants	10133500	335.4	Y	Y		2,354	2,354	3,531	7,062	9,416	10,593	11,770
335000	R12-**E1	335000-Hydrants	10133500	335.4	Y	Y		21,464	21,464	21,464	21,464	21,464	21,464	21,464
331001	R12-**F1	331001-T&D Mains	10133100	331.4	Y	Y		65,553	65,553	65,553	65,553	65,553	65,553	65,553
333000	R12-**G1	333000-Services	10133300	333.4	N	N		-	-	-	-	-	-	-
333000	R12-**H1	333000-Services	10133300	333.4	N	N		217	217	217	217	217	217	217
334100	R12-**I1	334100-Meters	10133410	334.4	N	N		31,550	31,550	31,550	31,550	31,550	31,550	31,550
339200	R12-**J1	339200-Other P/E-Supply	10133920	339.2	Y	Y		-	-	-	-	-	-	-
340100	R12-**K1	340100-Office Furniture & Equip	10134010	340.5	Y	Y		527,223	527,223	527,223	527,223	527,223	527,223	527,223
340300		340300-Computer Software	10134030	340.5	Y	Y		36,131	36,131	36,131	36,131	36,131	36,131	36,131
347000		347000-Misc Equipment	10134700	347.5	Y	Y		1,169,031	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031	1,169,031
320100	R12-**L1	320100-Wt Equip Non-Media	10132010	320.3	Y	Y		51,180	51,180	51,180	51,180	51,180	51,180	51,180
340200		340200-Comp & Periph Equip	10134020	340.5	Y	Y		-	-	-	-	-	-	-
340300		340300-Computer Software	10134030	340.5	Y	Y		-	-	-	-	-	-	-
304500	R12-**M1	304500-Struct & Imp-General	10130450	304.5	Y	Y		3,000	3,000	3,000	3,000	3,000	3,000	3,000
304500	R12-**N1	304500-Struct & Imp-General	10130450	304.5	Y	Y		5,812	5,812	5,812	5,812	5,812	5,812	5,812
0		0		0	N	N		-	-	-	-	-	-	-
0		0		0	N	N		-	-	-	-	-	-	-
0		0		0	N	N		-	-	-	-	-	-	-
0		0		0	N	N		-	-	-	-	-	-	-

Kentucky American Water Company
 Case No. 2015-00418
 CWIP Balance by Month, October 2015 - August 2017
 Automatically calculates: Prior month balance + Capital Additions - Placed in
 Service Amounts
 Worksheet: W/P 1-3

With Slippage

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
					AFUDC	\$9,028,869	\$8,467,852	\$6,470,382	\$6,932,925	\$7,524,947	\$8,532,404	\$9,288,735	\$9,372,631
310000	112-020021	310000-Power Generation Equip	10131000	310.2	Y	\$8,217,209	\$7,685,616	\$5,596,546	\$5,901,474	\$6,411,107	\$7,388,473	\$8,091,174	\$8,122,105
331001	112-020056	331001-T&D Mains	10133100	331.4	Y		136,708	136,708	136,708	136,708	136,708	136,708	136,708
333000		333000-Services	10133300	333.4	Y		(24,151)	(24,151)	(24,151)	(24,151)	(24,151)	(24,151)	(24,151)
335000		335000-Hydrants	10133500	335.4	Y		(12,076)	(12,076)	(12,076)	(12,076)	(12,076)	(12,076)	(12,076)
304500	112-020050	304500-Struct & Imp-General	10130450	304.5	Y					22,900	206,100	297,700	114,500

Kentucky American Water Company

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CWIP Balance by Month, October 2015 - August 2017

Automatically calculates: Prior month balance + Capital Additions - Placed in

Service Amounts

Worksheet: W/P 1-3

With Slippage

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	#	Aug-17	30-Apr-16	Forecast Period 13-Month Avg
331001	D12-**01-P	331001-T&D Mains	10133100	331.4	N	\$582,615	\$9,448,496	\$23,436,636	\$9,301,720
335000		335000-Hydrants	10133500	335.4	N	64,735			\$452,240
333000		333000-Services	10133300	333.4	N				50,249
334200		334200-Meter Installations	10133420	334.4	N				
334100		334100-Meters	10133410	334.4	N				
331001	R12-**A1	331001-T&D Mains	10133100	331.4	Y	235,400		\$22,620,495	\$8,174,154
301000		301000-Organization	10130100	301.0	N				
331001	R12-**B1	331001-T&D Mains	10133100	331.4	Y	842,732		470,800	574,883
333000		333000-Services	10133300	333.4	Y	84,273		47,080	57,488
334100		334100-Meters	10133410	334.4	Y	63,205		35,310	43,116
335000		335000-Hydrants	10133500	335.4	Y	63,205		35,310	43,116
331001	R12-**C1	331001-T&D Mains	10133100	331.4	N				
331001	R12-**D1	331001-T&D Mains	10133100	331.4	Y	105,930		23,834	61,113
335000		335000-Hydrants	10133500	335.4	Y	11,770		2,648	6,790
335000	R12-**E1	335000-Hydrants	10133500	335.4	Y	21,464		21,464	21,464
331001	R12-**F1	331001-T&D Mains	10133100	331.4	Y	65,553		65,553	65,553
333000	R12-**G1	333000-Services	10133300	333.4	N				
333000	R12-**H1	333000-Services	10133300	333.4	N	217		217	217
334100	R12-**I1	334100-Meters	10133410	334.4	N	31,550		31,550	31,550
334100	R12-**J1	334100-Meters	10133410	334.4	Y				
339200		339200-Other P/E-Supply	10133920	339.2	Y				
340100	R12-**K1	340100-Office Furniture & Equip	10134010	340.5	Y	527,223		527,223	527,223
340300		340300-Computer Software	10134010	340.5	Y	36,131		36,131	36,131
347000		347000-Misc Equipment	10134700	347.5	Y	1,169,031		1,169,031	1,169,031
320100	R12-**L1	320100-Wt Equip Non-Media	10132010	320.3	Y	51,180		51,180	51,180
340200		340200-Comp & Periph Equip	10134020	340.5	Y				
340300		340300-Computer Software	10134010	340.5	Y				
304500	R12-**M1	304500-Struct & Imp-General	10130450	304.5	Y	3,000		3,000	3,000
304500	R12-**N1	304500-Struct & Imp-General	10130450	304.5	Y	5,812		5,812	5,812
0		0			N				
0		0			N				
0		0			N				

Kentucky American Water Company

Case No. 2015-00418

CWIP Balance by Month, October 2015 - August 2017

Automatically calculates: Prior month balance + Capital Additions - Placed in

Service Amounts

Worksheet: W/P 1-3

With Slippage

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	AFUDC #	Base Period as of		Forecast Period 13-Month Avg
							Aug-17	30-Apr-16	
							\$9,448,496	\$23,436,636	\$9,301,720
							\$8,168,545	\$22,620,495	\$8,174,154
341100	R12-**01	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	2,238		2,238	2,238
341200		341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	-		-	-
341300		341300-Trans Equip Auto Car	10134100	341.5	N	-		-	-
343000	R12-**P1	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	-		-	-
304100	R12-**Q1	304100-Struct & Imp-Supply	10130410	304.2	Y	169,488		169,488	130,267
306000		306000-Lake, River & Other Intakes	10130600	306.1	Y	63,558		63,558	48,850
311000		311000-Pumping Equipment	10131120	311.2	Y	105,930		105,930	81,417
320100		320100-Wt Equip Non-Media	10132010	320.3	Y	42,372		42,372	32,567
330200		330200-Ground Level Tanks	10133000	330.1	Y	42,372		42,372	32,567
344000		344000-Laboratory Equipment	10134400	344.5	Y	-		-	-
301000	R12-**S1	301000-Organization	10130100	301.1	N	195,556		195,556	195,556
303200		303200-Land & Land Rights-Supply	10130320	303.2	Y	-		-	-
339100		339100-Other P/E-Intangible	10133910	339.1	Y	190,343		190,343	190,343
339600		339600-Other P/E-Cps	10133960	339.6	Y	33,611		33,611	33,611
340315	R12-01K3/T12-0102-P-0291	340315-Comp Software Specia	10134010	340.5	Y	-		-	-
304100	I12-020032	304100-Struct & Imp-Supply	10130410	304.2	Y	-	7,441,669	-	-
320100		320100-WT Equip Non-Media	10132010	320.3	Y	-	4,961,113	-	-
330100	I12-020052	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	-	274,800	-	-
331001	I12-020011	331001-T&D Mains	10133100	331.4	Y	-	2,628,571	-	501,849
333000		333000-Services	10133300	333.4	Y	-	36,629	-	14,074
335000		335000-Hydrants	10133500	335.4	Y	-	36,629	-	14,074
331001	I12-020040	331001-T&D Mains	10133100	331.4	Y	-	136,255	-	266,697
333000		333000-Services	10133300	333.4	Y	-	16,050	-	31,376
335000		335000-Hydrants	10133500	335.4	Y	-	8,015	-	15,688
331001	I12-020043	331001-T&D Mains	10133100	331.4	Y	-	428,230	-	462,975
333000		333000-Services	10133300	333.4	Y	-	50,380	-	54,468
335000		335000-Hydrants	10133500	335.4	Y	-	25,190	-	27,234
331001	I12-000001	331001-T&D Mains	10133100	331.4	Y	-	-	-	8,244
335000		335000-Hydrants	10133500	335.4	Y	-	-	-	231
311000	I12-020051	311000-Pumping Equipment	10131120	311.2	N	403,040		68,700	312,849
331001	I12-020039	331001-T&D Mains	10133100	331.4	Y	376,742		-	190,681
335000		335000-Hydrants	10133500	335.4	Y	-		-	-
320100	I12-020037	320100-Wt Equip Non-Media	10132010	320.3	Y	595,400		-	223,715
320100	I12-020017-01	320100-Wt Equip Non-Media	10132010	320.3	Y	1,635,112		1,635,112	1,635,112

Kentucky American Water Company
 Case No. 2015-00418
 CWIP Balance by Month, October 2015 - August 2017
 Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
 Workpaper: W/P 1-3

Account	FP#	Plant Account	SAP GL Acct	NARUC Account	AFUDC Y/N	AFUDC	Aug-17	30-Apr-16	Forecast Period 13-Month Avg
							\$9,448,496	\$23,436,636	\$9,301,720
						AFUDC	\$8,168,545	\$22,620,495	\$8,174,154
310000	112-020021	310000-Power Generation Equip	10131000	310.2	Y		183,200		126,831
331001	112-020056	331001-T&D Mains	10133100	331.4	Y		136,708		136,708
333000		333000-Services	10133300	333.4	Y		(24,151)		(24,151)
335000		335000-Hydrants	10133500	335.4	Y		(12,076)		(12,076)
304500	112-020050	304500-Struct & Imp-General	10130450	304.5	Y				49,323

Kentucky American Water Company
 Case No. 2015-00318
 AFUDC Activity by Month, August 2015 - June 2017
 Automatically calculates: Prior month balance + Eligible Capital Additions - Placed in Service Amounts
 Worksheet # W/P - 1-4

With Slippage

EPN	Project Description	Utility Plant Account	SAP EL Account	MABIC Account	AFUDC	Aug-17	Base Period as of 30-Apr-16	Forecast Period 13-Month Average Aug-15 - Aug-17
D12-0010	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	\$0	\$0	\$0
	Projects Funded by Others	335000-Hydrants	10133500	335.4	N	-	-	-
	Projects Funded by Others	338000-Services	10133900	333.4	N	-	-	-
	Projects Funded by Others	344200-Meter Installations	10138200	334.4	N	-	-	-
	Projects Funded by Others	335000-Hydrants	10133500	335.4	N	-	-	-
R12-0041	Mains - New	331001-T&D Mains	10133100	331.4	Y	3,225	1,565	2,771
R12-0081	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	11,416	4,764	7,765
	Mains - Replaced / Restored	339000-Services	10133900	333.4	Y	1,442	476	776
	Mains - Replaced / Restored	334100-Meters	10138100	334.4	Y	856	357	582
	Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	856	357	582
R12-00C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	-	-	-
R12-00D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	1,451	251	816
	Mains - Relocated	335000-Hydrants	10133500	335.4	Y	161	28	91
R12-00E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	217	217	217
R12-00F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	45	45	45
	Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	-	-	-
R12-00G1	Services and Laterals - New	333000-Services	10133900	333.4	N	-	-	-
R12-00H1	Services and Laterals - Replaced	333000-Services	10133900	333.4	Y	1	1	1
R12-00I1	Meters - New	334100-Meters	10138100	334.4	Y	13	13	13
R12-00J1	Meters - Replaced	334100-Meters	10138100	334.4	Y	-	-	-
	Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	-	-	-
R12-00K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	23,296	23,296	23,296
		340300-Computer Software	10134010	340.5	Y	1,597	1,597	1,597
		347000-Misc Equipment	10134700	347.5	Y	51,655	51,655	51,655
R12-00L1	SCADA Equipment and Systems	320100-WT Equip Non-Media	10132010	320.3	Y	815	815	815
		340200-Comp & Periph Equip	10134020	340.5	Y	-	-	-
		340300-Computer Software	10134010	340.5	Y	-	-	-
R12-00M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	-	-	-
R12-00N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	40	40	40
R12-00O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	-	-	-
	Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	-	-	-
	Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	-	-	-
R12-00P1	Tools and Equipment	343000-Tools,Shop,Storage Equip	10134300	343.5	Y	-	-	-
R12-00Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2,322	878	1,779
	Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	871	329	667
	Process Plant Facilities and Equipment	311000-Pumping Equipment	10130600	306.1	Y	1,451	549	1,112
	Process Plant Facilities and Equipment	320100-WT Equip Non-Media	10132010	320.3	Y	580	230	445
	Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	580	230	445
	Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	-	-	-
R12-00S1	Engineering Studies	301000-Organization	10130100	301.1	Y	3,837	3,837	3,837
	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	-	-	-
	Engineering Studies	339000-Other P/E-Intangible	10133910	339.1	Y	3,734	3,734	3,734
	Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	659	659	659
R12-00K3/112-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Speda	10134010	340.5	Y	-	-	-
112-020032	RIS Filter Building Replacement	304900-Struct & Imp-Treatment	10130490	304.3	Y	217,371	217,371	217,371
	RIS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	-	-	-
112-020052	Millersburg Tank Replacement	330200-Ground Level Tanks	10133000	330.4	Y	-	-	-

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, August 2015 - June 2017
Automatically calculates: Prior month balance + Eligible Capital Additions - Placed in Service Amounts
Worksheet # W/P - 1.4

With Slippage

FPI	Project Description	SAP GL Account	Utility Plant Account	NABUC Account	AFUDC		Base Period as of 30-Apr-16	Forecast Period 13-Month Average Aug 16 - Aug 17
					Aug-17	Aug-17		
112-020011	New Circle Rd Main Relocation	10133100	310001-T&D Mains	331.4	Y	69,400	299,220	
	New Circle Rd Main Relocation	10133300	330000-Services	333.4	Y	69,400		
	New Circle Rd Main Relocation	10133500	335000-Hydrants	335.4	Y	69,400		
112-020040	KRS Valve House Rehabilitation (Phase 2)	10133100	310001-T&D Mains	331.4	Y			
	KRS Valve House Rehabilitation (Phase 2)	10133300	330000-Services	333.4	Y			
	KRS Valve House Rehabilitation (Phase 2)	10133500	335000-Hydrants	335.4	Y			
112-020043	Athens Boonesboro Main Extension	10133100	310001-T&D Mains	331.4	Y			
	Athens Boonesboro Main Extension	10133300	330000-Services	333.4	Y			
	Athens Boonesboro Main Extension	10133500	335000-Hydrants	335.4	Y			
112-020001	Post Acquisition BD Capex	10133100	310001-T&D Mains	331.4	Y			
	Post Acquisition BD Capex	10133500	335000-Hydrants	335.4	Y			
112-020051	KRS High Service Pumps Replacement	10131120	311000-Pumping Equipment	311.2	N			
112-020039	Georgetown Bypass and US Z5 Area	10133100	310001-T&D Mains	331.4	Y			
	Georgetown Bypass and US Z5 Area	10133500	335000-Hydrants	335.4	Y			
IP-1202-13	KRS1 Chemical Storage and Feed Improvements	10133100	310001-T&D Mains	331.4	Y			
	KRS1 Chemical Storage and Feed Improvements	10133500	335000-Hydrants	335.4	Y			
112-020017-01	KRS Valve House Rehabilitation Phas	10132010	320100-W/E Equip Non-Media	320.3	Y	78,685	78,685	
112-020021	Power Reliability at Remote Sites	10131000	310000-Power Generation Equip	310.2	Y			
112-020056	KRS Valve House Rehabilitation (Phase 1B)	10133100	310001-T&D Mains	331.4	Y	3,198	3,198	
	KRS Valve House Rehabilitation (Phase 1B)	10133300	330000-Services	333.4	Y			
	KRS Valve House Rehabilitation (Phase 1B)	10133500	335000-Hydrants	335.4	Y			
112-020050	Paving Field Ops and Front Entrance	10130450	304500-Struct & Imp-General	304.5	Y			
112-020055	New Circle Rd Main Relocation Phase 2	10133100	310001-T&D Mains	331.4	Y			
	New Circle Rd Main Relocation Phase 2	10133300	330000-Services	333.4	Y			
	New Circle Rd Main Relocation Phase 2	10133500	335000-Hydrants	335.4	Y			
112-020057	Sludge Thickener Upgrade	10133910	339100-Other P/E-Intangible	339.1	Y	633	633	
112-020058	KRS Intake Pump Replacement	10131120	311000-Pumping Equipment	311.2	Y	280	280	

Kentucky American Water Company
 Case No. 2015-00418
 Customer Advances for Construction by Month, October 2015 to August 2017
 Calculated:
 Prior Month Balance + Each Month's Net Activity
 Workpaper # W/P - 1-6

Oct-15 Nov-15 Dec-15 Jan-16 Feb-16 Mar-16 Apr-16 May-16 Jun-16

Slippage for RPs 1.177 1 **Grand Total Customer Advances:**

	(\$13,470,979)	(\$13,555,341)	(\$13,640,068)	(\$13,657,723)	(\$13,645,953)	(\$13,640,068)	(\$13,675,378)	(\$13,728,343)	(\$13,769,538)
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Line #	Utility	SAP GL Account	Account Description	MARUC 96 Acct	Balance	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
1	Water	25212000	Advances for Construction	252.2	Balance	(\$13,470,979)	(\$13,555,341)	(\$13,640,068)	(\$13,657,723)	(\$13,645,953)	(\$13,640,068)	(\$13,675,378)	(\$13,728,343)	(\$13,769,538)
2					Advances		(235,400)	(235,400)	(76,505)	(76,505)	(111,815)	(170,665)	(170,665)	(170,665)
3					Refunds		151,038	150,673	58,850	88,275	117,700	135,355	117,700	129,470
4					Net Activity (Line 3 + 4)		(\$84,362)	(\$84,727)	(\$17,655)	\$11,770	\$5,885	(\$35,310)	(\$52,965)	(\$41,195)
5							(71,676)	(71,986)	(15,000)	10,000	5,000	(30,000)	(45,000)	(35,000)
							(12,686.58)	(12,741.45)	(2,655.00)	1,770.00	885.00	(5,310.00)	(7,965.00)	(6,195.00)

Kentucky American Water Company
 Case No. 2015-00418
 Customer Advances for Construction by Month, October 2015 to August 2017
 Calculated:
 Prior Month Balance + Each Month's Net Activity
 Workpaper # W/P - 1-6

Slippage for RPs 1.177 1 Grand Total Customer Advances: (\$13,822,503) (\$13,869,583) (\$13,928,433) (\$14,004,938) (\$14,087,328) (\$14,169,718) (\$14,205,028) (\$14,193,258) (\$14,187,373) (\$14,222,683)

Line #	Utility	SAP GL Account	Account Description	NARUC 96 Acct	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
1	Water	25212000	Advances for Construction	252.2	(\$13,822,503)	(\$13,869,583)	(\$13,928,433)	(\$14,004,938)	(\$14,087,328)	(\$14,169,718)	(\$14,205,028)	(\$14,193,258)	(\$14,187,373)	(\$14,222,683)
2														
3					Advances	(182,435)	(176,550)	(170,665)	(170,665)	(170,665)	(76,505)	(76,505)	(111,815)	(170,665)
4					Refunds	129,470	129,470	94,160	88,275	88,275	41,195	88,275	117,700	135,355
5					Net Activity (l	(\$52,965)	(\$47,080)	(\$76,505)	(\$82,390)	(\$82,390)	(\$35,310)	\$11,770	\$5,885	(\$35,310)
						(45,000)	(40,000)	(50,000)	(70,000)	(70,000)	(30,000)	10,000	5,000	(30,000)
						(7,965.00)	(7,080.00)	(8,850.00)	(12,390.00)	(12,390.00)	(5,310.00)	1,770.00	885.00	(5,310.00)

Kentucky American Water Company

Case No. 2015-00418

Customer Advances for Construction by Month, October 2015 to August 2017

Calculated:

Prior Month Balance + Each Month's Net Activity

Worksheet # W/P-1-6

Base Period	Forecast Period
as of 30-Apr-16	13-Month Avg Aug 16 - Aug 17

Slippage for RPs 1.177 1 Grand Total Customer Advances: (\$14,257,993) (\$14,293,303) (\$14,340,383) (\$14,387,463) (\$13,675,378) (\$14,165,191)

Line #	Utility	SAP GL Account	Account Description	NARUC 96 Acct	May-17	Jun-17	Jul-17	Aug-17
1	Water	25212000	Advances for Construction	252.2	(\$14,257,993)	(\$14,293,303)	(14,340,383)	(14,387,463)
2			Balance					
3			Advances		(170,665)	(170,665)	(182,435)	(176,550)
4			Refunds		135,355	135,355	135,355	129,470
5			Net Activity (I)		(\$35,310)	(\$35,310)	(\$47,080)	(\$47,080)
					(30,000)	(30,000)	(40,000)	(40,000)
					(5,310.00)	(5,310.00)	(7,080.00)	(7,080.00)

Kentucky American Water Company

Case No. 2015-00418

Contributions in Aid of Construction Balances by Month, October 2017

Month Balance +

CIAC Additions - CIAC

Workpaper: W/P 1-7

CIAC Balance	Jul-17	Aug-17	Base Period as of	Forecast Period 13-Month Average
	(\$59,082,403)	(\$59,134,225)	30-Apr-16 (\$58,143,200)	Aug 16 - Aug 17 (\$58,948,292)

With Slippage

Utility	SAP GL Account	Account Description	NARUC 96 Acct	Jul-17	Aug-17	Base Period as of	Forecast Period 13-Month Average
Water	27111000	CIAC-NT Mains	271.1	(\$22,076,520)	(\$22,109,182)	(\$21,576,883)	(\$21,933,175)
Water	27112000	CIAC-NT Ext Dep	271.1	(15,436,885)	(15,485,660)	(14,690,761)	(15,222,823)
Water	27113000	CIAC-NT Svcs	271.1	(11,410,695)	(11,489,301)	(10,208,236)	(11,065,711)
Water	27114000	CIAC-NT Meters	271.1	(15,613,342)	(15,623,576)	(15,456,789)	(15,568,427)
Water	27115000	CIAC-NT Hydrants	271.1	(2,583,516)	(2,589,396)	(2,493,582)	(2,557,714)
Water	27116000	CIAC-NT Other	271.1	(3,778,220)	(3,778,655)	(3,771,558)	(3,776,309)
Water	27117000	CIAC-NT WIP	271.1	(2,304,451)	(2,332,104)	(1,881,425)	(2,183,085)
Water	27118000	CIAC-NT NUP Property	271.1	(249,725)	(249,725)	(249,725)	(249,725)
Water	27121000	CIAC-Tax Mains	271.1	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)
Water	27122000	CIAC-Tax Ext Dep	271.1	(766,586)	(766,586)	(766,586)	(766,586)
Water	27123000	CIAC-Tax Svcs	271.1	(7,918,461)	(7,931,961)	(7,711,944)	(7,859,211)
Water	27124000	CIAC-Tax Meters	271.1	(3,299)	(3,299)	(3,299)	(3,299)
Water	27125000	CIAC-Tax Hydrants	271.1	(487,487)	(487,487)	(487,487)	(487,487)
Water	27126000	CIAC-Tax Other	271.1	(430,476)	(430,476)	(430,476)	(430,476)
Water	27127000	CIAC-Tax WIP	271.1	(45,791)	(45,791)	(45,791)	(45,791)
Water	27206000	AccAmort CIAC-Other	272.2	22,814,346	22,953,322	20,815,276	22,126,811
Water	27210000	AccAmort CIAC-Tax	272.2	2,957,472	2,984,419	2,564,834	2,823,485
Net CIAC Balances				(\$59,332,128)	(\$59,383,950)	(\$58,392,925)	(\$59,198,016)
Less Non Utility Property CIAC				(\$249,725)	(\$249,725)	(\$249,725)	(\$249,725)

AFUDC Rate (Approved Case No. 2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

7.59% 7.59% 7.59% 7.59%

Kentucky American Water Company

Case No. 2015-00418

AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12

Worksheet: W/P - 1-4

		AFUDC Begin Balance & Activity:		Additional Equity Gross Up:		AFUDC		AFUDC		AFUDC		AFUDC	
		Bal Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Bal Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Bal Oct-15	Nov-15
Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date						
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	609,819	\$129,384	\$128,195	\$128,113	\$126,950	7.59%
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2		48,189	47,746	47,715	47,282	7.59%
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2						
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2						
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2						
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	19,927	2,051	1,243	700	298	
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	66,285	12,135	2,486	1,519	1,191	
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2		156	186	152	119	
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2		117	186	114	89	
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	7	118	186	114	89	
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1						
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	300	1,312	2,144	1,055	84	
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2		125	238	117	9	
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	217	136	136	136	136	
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1						
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	45	415	415	415	415	
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1						
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1						
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1	1	
333000		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1						
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	13	200	200	200	200	
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1						
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1						
340300	R12-**K1	ITS Equipment and Systems	340300-Office Furniture & Equip	10134030	340.5	Y	1	23,296	3,335	3,335	3,335	3,335	
340300		ITS Equipment and Systems	340300-Computer Software	10134030	340.5	Y	1	1,597	229	229	229	229	
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	51,655	7,394	7,394	7,394	7,394	
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	815	324	324	324	324	
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1						
340300		SCADA Equipment and Systems	340300-Computer Software	10134030	340.5	Y	1						
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1		19	19	19	19	
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	40	37	37	37	37	

AFUDC Rate (Approved Case No.2012-00520 till Aug. 2016 & Proposed Sep. 2016 on):

7.59% 7.59% 7.59%

Kentucky American Water Company

Case No. 2015-00418

AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month cWIP Balance x Annual AFUDC Rate / 12)

Worksheet: W/P - 1-4

Bal Oct-15 Nov-15 Dec-15 Jan-16 Feb-16

AFUDC Begin Balance & Activity: \$129,384 \$128,195 \$128,113 \$126,950
Additional Equity Gross Up: 48,189 47,746 47,715 47,282

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Bal Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
341100	R12-**Q1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-	-
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	5,085	1,276	2,404	1,662	179
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other intakes	10130600	306.1	Y	2	-	289	901	623	67
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	2,757	756	1,502	1,039	112
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	16,699	1,851	601	416	45
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	-	193	601	416	45
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	3,837	1,237	1,237	1,237	1,237
303200	0	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-
339100	0	Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	3,734	1,204	1,204	1,204	1,204
339600	0	Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	659	213	213	213	213
340315	R12-01K3/T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	217,371	35,915	39,534	42,271	44,297
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-	23,943	26,356	28,180	29,531
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	-	290
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	69,400	14,839	14,917	14,984	15,193
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	-	8	18	26	53
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	8	18	26	53
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	-	-	-
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	-	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	-	-	-
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	492	862	1,108	1,477
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	-	58	101	130	174
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	29	51	65	87
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	-	-	-
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	-	-	-	-	-
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	-	-	-	-	-

AFUDC Rate (Approved Case No.2012-00520 th Aug. 2016
& Proposed Sep. 2016 on):

7.59% 7.59% 7.59% 7.59%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	AFUDC	Bal Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	AFUDC Begin Balance & Activity:	
														Nov-15	Dec-15
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018		609,819	\$129,384	\$128,195	\$128,113	\$126,950	7.59%	7.59%
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015		78,685	10,342	10,342	10,342	10,342		
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017		-	-	-	-	-		
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016		3,198	2,157	2,059	1,752	1,566		
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016		-	(1)	(12)				
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016		-	(0)	(6)				
304500	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017		-	-	-	-	-		
331001	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016		-	-	-	76	304		
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016		-	-	-	9	35		
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016		-	-	-	2	9		
339100	I12-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y			633	790	790	790	790		

AFUDC Rate (Approved Case No.2012-00520 till Aug. 2016 & Proposed Sep. 2016 on): 7.59% 7.59% 7.59% 7.59%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Mar-16	Apr-16	May-16	Jun-16	Jul-16
331001	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2					
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2					
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2					
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2					
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2					
331001	R12-01A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	558	1,005	1,936	2,792	2,978
331001	R12-01B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	1,787	2,978	4,467	5,360	5,211
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	179	298	447	536	521
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	134	223	335	402	391
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	134	223	335	402	391
331001	R12-01C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1					
331001	R12-01D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	101	151	268	436	536
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	11	17	30	48	60
335000	R12-01E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	136	136	136	136	136
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1					
335000	R12-01F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	415	415	415	415	415
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1					
333000	R12-01G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1					
333000	R12-01H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1	1
333000		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1					
334100	R12-01I1	Meters - New	334100-Meters	10133410	334.4	Y	1	200	200	200	200	200
334100	R12-01J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1					
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1					
340100	R12-01K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,335	3,335	3,335	3,335	3,335
340300		ITS Equipment and Systems	340300-Computer Software	10134030	340.5	Y	1	229	229	229	229	229
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	7,394	7,394	7,394	7,394	7,394
320100	R12-01L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	324	324	324	324	324
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1					
340300		SCADA Equipment and Systems	340300-Computer Software	10134030	340.5	Y	1					
304500	R12-01M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	19	19	19	19	19
304500	R12-01N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	37	37	37	37	37

With Slippage

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on): 7.59% 7.59% 7.59% 7.59%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Mar-16	Apr-16	May-16	Jun-16	Jul-16
341100	R12-**Q1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-	-
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	372	506	792	1,167	1,298
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	140	190	297	438	487
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	233	316	495	730	811
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	93	127	198	292	325
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	93	127	198	292	325
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,237	1,237	1,237	1,237	1,237
303200	0	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-
339100	0	Engineering Studies	339100-Other P/E-Inflingble	10133910	339.1	Y	6	1,204	1,204	1,204	1,204	1,204
339600	0	Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	213	213	213	213	213
340315	R12-01K3/T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	46,336	47,069	47,455	47,613	47,613
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	30,890	31,379	31,637	31,742	31,742
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	869	1,738	2,317	2,607	2,607
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	15,795	16,626	17,882	18,713	18,925
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	128	232	389	493	519
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	128	232	389	493	519
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	862	1,231	1,248	1,266
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	-	101	145	147	149
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	51	72	73	74
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	1,970	2,709	3,447	4,186	4,925
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	232	319	406	492	579
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	116	159	203	246	290
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	-	-	-
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	-	-	-	-	-
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	-	-	-	-	145

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on): 7.59% 7.59% 7.59% 7.59%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Mar-16	Apr-16	May-16	Jun-16	Jul-16
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-
320100	112-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	10,342	10,342	10,342	10,342	10,342
310000	112-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	-	-	-	-	-
331001	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	4,010	3,622	865	865	865
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016					
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016					
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	-	-	-	-	-
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	887	1,566	2,075	1,937	969
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	101	179	237	221	111
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	25	45	59	55	28
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		790	790	790	790	790

AFUDC Begin Balance & Activity: \$136,878 \$144,605 \$150,162 \$155,583 \$156,215
Additional Equity Gross Up: 50,980 53,858 55,927 57,946 58,182

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

7.59% 8.22% 8.22% 8.22% 8.22%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Ttl In-Svc In-Service Date	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-	-	-	-	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-	-	-	-	-
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	2,978	2,822	1,814	1,088	726
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	5,330	5,611	4,515	3,225	2,103
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	533	561	451	322	210
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	400	421	339	242	158
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	400	421	339	242	158
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	536	508	363	218	145
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	60	56	40	24	16
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	136	147	147	147	147
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	415	449	449	449	449
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-	-	-	-	-
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1	1
331001		Services and Laterals - Replaced	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	200	216	216	216	216
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-	-
340100	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,335	3,611	3,611	3,611	3,611
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	229	248	248	248	248
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	7,394	8,008	8,008	8,008	8,008
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	324	351	351	351	351
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-	-
340300		SCADA Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	-	-	-	-	-
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	19	21	21	21	21
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	37	40	40	40	40

With Slippage

AFUDC Begin Balance & Activity:
Additional Equity Gross Up:

\$75,786 \$82,756 \$60,650 \$60,409 \$58,093
28,226 32,945 24,145 24,049 23,127

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

7.59% 8.22% 8.22% 8.22% 8.22%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Workpaper: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-	-
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	1,236	1,290	1,290	1,290	906
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	463	484	484	484	340
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	772	806	806	806	566
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	309	322	322	322	227
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	309	322	322	322	227
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,237	1,340	1,340	1,340	1,340
303200	0	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-
339100	0	Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,204	1,304	1,304	1,304	1,304
339600	0	Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	213	230	230	230	230
340315	R12-01K3/T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	-	-	-	-	-
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-	-	-	-	-
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	-	-
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	19,045	20,626	-	-	-
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	534	578	-	-	-
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	534	578	-	-	-
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	2,250	2,837	3,637	4,704	5,067
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	265	334	428	553	596
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	132	167	214	277	298
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	5,417	6,246	6,379	6,486	6,539
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	637	735	751	763	769
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	319	367	375	382	385
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	122	245	245
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	3	7	7
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	-	157	471	941	1,569
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	435	941	1,569	1,726	1,098

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016
& Proposed Sep. 2016 on):

7.59% 8.22% 8.22% 8.22% 8.22%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)
Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-
320100	112-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	10,342	11,201	11,201	11,201	11,201
310000	112-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	116	314	502	627	627
331001	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	865	936	936	936	936
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016					
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016					
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	-	-	-	-	-
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	310	120	-	-	-
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	35	14	-	-	-
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	9	3	-	-	-
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		790	855	855	855	855

AFUDC Begin Balance & Activity:
Additional Equity Gross Up:

\$75,786 \$82,756 \$60,650 \$60,409 \$58,093
28,226 32,945 24,145 24,049 23,127

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on): 8.22% 8.22% 8.22% 8.22%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Jan-17	Feb-17	Mar-17	Apr-17	May-17
331001	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-	-	-	-	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-	-	-	-	-
331001	R12-01A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	322	242	322	766	1,411
331001	R12-01B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	1,458	1,290	1,935	3,225	4,837
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	146	129	193	322	484
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	109	97	145	242	363
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	109	97	145	242	363
331001	R12-01C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-
331001	R12-01D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	145	145	218	435	580
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	16	16	24	48	64
335000	R12-01E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	147	147	147	147	147
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-
335000	R12-01F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	449	449	449	449	449
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-
333000	R12-01G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-	-	-	-	-
333000	R12-01H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1	1
333000		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	-	-	-	-	-
334100	R12-01I1	Meters - New	334100-Meters	10133410	334.4	Y	1	216	216	216	216	216
334100	R12-01J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-	-
340100	R12-01K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,611	3,611	3,611	3,611	3,611
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	248	248	248	248	248
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	8,008	8,008	8,008	8,008	8,008
320100	R12-01L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	351	351	351	351	351
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-	-
340300		SCADA Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	-	-	-	-	-
304500	R12-01M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	21	21	21	21	21
304500	R12-01N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	40	40	40	40	40

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

8.22% 8.22% 8.22% 8.22% 8.22%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	Jan-17	Feb-17	Mar-17	Apr-17	May-17
341100	R12-**Q1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-	-
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	293	193	387	484	774
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	110	73	145	181	290
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	183	121	242	302	484
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	73	48	97	121	193
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	73	48	97	121	193
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,340	1,340	1,340	1,340	1,340
303200	0	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-
339100	0	Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,304	1,304	1,304	1,304	1,304
339600	0	Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	230	230	230	230	230
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	-	-	-	-	-
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-	-	-	-	-
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	-	-
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	-	-
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	-	-
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	-	-
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	5,067	-	-	-	-
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	596	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	298	-	-	-	-
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	6,539	-	-	-	-
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	769	-	-	-	-
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	385	-	-	-	-
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	122	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	3	-	-	-	-
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	1,579	1,589	1,599	1,609	1,619
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	314	-	314	941	1,569

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

8.22% 8.22% 8.22% 8.22% 8.22%

Jan-17 Feb-17 Mar-17 Apr-17 May-17

\$54,452 \$40,142 \$42,230 \$45,721 \$52,416

21,677 15,981 16,812 18,202 20,867

AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12

Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Jan-17	Feb-17	Mar-17	Apr-17	May-17
335000		KRSI Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-
320100	112-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	11,201	11,201	11,201	11,201	11,201
310000	112-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	627	941	1,255	1,255	1,255
331001	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	936	936	936	936	936
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	-	-	-	-
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	-	-	-	157	1,412
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	-	-
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	-	-
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	-	-
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		855	855	855	855	855

AFUDC Rate (Approved Case No.2012-00520 till Aug. 2016 & Proposed Sep. 2016 on): 8.22% 8.22% 8.22%

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Jun-17	Jul-17	Aug-17	30-Apr-16
331001	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-	-	-	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-	-	-	-
331001	R12-01A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	1,612	1,612	1,612	1,005
331001	R12-01B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	5,805	5,644	5,773	2,978
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	580	564	577	298
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	435	423	433	223
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	435	423	433	223
331001	R12-01C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-
331001	R12-01D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	653	726	726	151
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	73	81	81	17
335000	R12-01E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	147	147	147	136
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-
335000	R12-01F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	449	449	449	415
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-
333000	R12-01G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-	-	-	-
333000	R12-01H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1
333000		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	-	-	-	-
334100	R12-01I1	Meters - New	334100-Meters	10133410	334.4	Y	1	216	216	216	200
334100	R12-01J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-
340100	R12-01K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,611	3,611	3,611	3,335
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	248	248	248	229
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	8,008	8,008	8,008	7,394
320100	R12-01L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	351	351	351	324
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-
340300		SCADA Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	-	-	-	-
304500	R12-01M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	21	21	21	19
304500	R12-01N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	40	40	40	37

With Slippage

Base Per. as of

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

8.22% 8.22% 8.22%

Base Per. as of

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

Jun-17 Jul-17 Aug-17 30-Apr-16

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	Jun-17	Jul-17	Aug-17	30-Apr-16
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	1,032	1,161	1,161	506
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	387	435	435	190
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	645	726	726	316
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	258	290	290	127
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	258	290	290	127
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,340	1,340	1,340	1,237
303200	0	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-
339100	0	Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,304	1,304	1,304	1,204
339500	0	Engineering Studies	339500-Other P/E-Cps	10133950	339.6	Y	6	230	230	230	213
340315	R12-01K3/T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	-	-	-	47,069
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-	-	-	31,379
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	1,738
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	16,626
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	232
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	232
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	-	862
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	-	-	-	101
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	-	51
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	-	2,709
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	-	-	-	319
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	-	159
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	-	-
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	1,629	1,639	2,561	-
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	2,824	4,078	4,078	-

AFUDC Rate (Approved Case No. 2012-00520 thl Aug. 2016 & Proposed Sep. 2016 on):

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

8.22% 8.22% 8.22%

Base Per. as of

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12
Worksheet: W/P - 1-4

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Ttl In-Svc In-Service Date	Jun-17	Jul-17	Aug-17	30-Apr-16
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wk Equip Non-Media	10132010	320.3	Y	5/29/2015	11,201	11,201	11,201	10,342
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	1,255	1,255	1,255	-
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	936	936	936	3,622
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	-	-	-
304500	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	2,039	784	-	-
331001	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	1,566
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	179
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	45
339100	I12-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		855	855	855	-

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

Kentucky American Water Company

Case No. 2015-00418

AFUDC Activity by Month, October 2015 - August 2017

Forecast

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12

Workpaper: W/P - 1-4

Sep 16-Aug 17

AFUDC Begin Balance & Activity: \$669,301
Additional Equity Gross Up:

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Forecast Sep 16-Aug 17
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	14,351
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	45,421
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	4,542
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	3,407
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	3,407
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	4,862
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	540
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	1,764
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	5,388
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	18
333000		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	-
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	2,593
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-
340100	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	43,338
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	2,970
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	96,094
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	4,207
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1	-
340300		SCADA Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	-
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	247
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	478

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016 & Proposed Sep. 2016 on):

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Forecast

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance v. Annual AFUDC Rate / 12)
Worksheet: W/P - 1-4

Sep 16-Aug 17

AFUDC Begin Balance & Activity: \$669,301

Additional Equity Gross Up:

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Ttl In-Svc In-Service Date	Forecast Sep 16-Aug 17
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	10,262
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	3,848
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	6,414
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	2,565
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	2,565
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	16,075
303200	0	Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-
339100	0	Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	15,646
339600	0	Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	2,763
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	-
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	20,626
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	578
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	578
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	21,312
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	2,507
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	1,254
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	32,190
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	3,787
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	1,894
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	734
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	21
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	16,980
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	19,451

AFUDC Rate (Approved Case No.2012-00520 til Aug. 2016
& Proposed Sep. 2016 on):

Kentucky American Water Company
Case No. 2015-00418
AFUDC Activity by Month, October 2015 - August 2017

Forecast

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)
Workpaper: W/P - 1-4

Sep 16-Aug 17

AFUDC Begin Balance & Activity: \$669,301
Additional Equity Gross Up:

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Till In-Svc In-Service Date	Forecast Sep 16-Aug 17
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-
320100	112-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	134,406
310000	112-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	11,169
331001	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	11,237
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	4,392
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	120
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	14
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	3
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		

Kentucky American Water Company
 Case No. 2015-00418
 CWIP by Month, October 2015 - August 2017

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
 Workpaper: W/P - 1-4

Bal Oct-15 \$609,819 Nov-15 \$109,005 Dec-15 \$226,514 Jan-16 \$140,566

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	AFUDC Element of CWIP \$				
								Bal Oct-15	Nov-15	Dec-15	Jan-16	
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	609,819	109,005	226,514	140,566	
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2					
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2					
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2					
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2					
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	19,927	19,927	19,927	2,051	
301000		Mains - New	301000-Organization	10130100	301	N	2					
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	66,285	66,285	66,285	12,135	
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2				156	
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2				117	
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	7	7	7	118	
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1					
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	300	300	300	1,312	
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2				125	
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	217	136	136	136	
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1					
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	45	415	415	415	
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1					
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1					
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1	
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	13	200	200	200	
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1					
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1					
340100	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	23,296	3,335	3,335	3,335	
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	1,597	229	229	229	
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	51,655	7,394	7,394	7,394	
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	815	324	324	324	
340200			340200-Comp & Periph Equip	10134020	340.5	Y	1					
340300			340300-Computer Software	10134010	340.5	Y	1					
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	19	19	19	19	
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	40	37	37	37	
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1					
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1					
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1					

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Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
 Worksheet: W/P - 1-4

With Slippage

Bal Oct-15 Nov-15 Dec-15 Jan-16

\$609,819 \$109,005 \$226,514 \$140,566

Account	FP#	Project Description	Plant Account	SAP GL Account	MARUC Account	AFUDC?	Months til In-Service or In-Service Date	AFUDC Element of CWIP \$					
								Bal Oct-15	Nov-15	Dec-15	Jan-16		
343000	R12-***P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1						
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	5,085	1,237	1,237	1,276		
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2				289		
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	2,757	1,204	1,204	756		
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	16,699	213	213	1,851		
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2				193		
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2						
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	3,837	1,237	1,237	1,237		
303200		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6						
339100		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	3,734	1,204	1,204	1,204		
339600		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	659	213	213	213		
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1						
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	217,371	35,915	39,534	42,271		
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016		23,943	26,356	28,180		
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016						
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	69,400	14,839	14,917	14,984		
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016		8	18	26		
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016		8	18	26		
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016						
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016						
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016						
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016		492	862	1,108		
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016		58	101	130		
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016		29	51	65		
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900						
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900						
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017						
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018						
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018						
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018						
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018						
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	78,685	10,342	10,342	10,342		
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017						
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	3,198	2,157	2,059	1,752		
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016		(1)	(12)			
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016		(0)	(6)			

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Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
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With Slippage

		AFUDC Element of CWIP \$		Bal Oct-15		Nov-15		Dec-15		Jan-16	
Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Bal Oct-15	Nov-15	Dec-15	Jan-16
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	\$609,819	\$109,005	\$226,514	\$140,566
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016				76
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016				9
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016				2
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		633	790	790	790
311000	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		280	562	562	562

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
Worksheet: W/P - 1-4

With Slippage

Feb-16 Mar-16 Apr-16 May-16 Jun-16

AFUDC Element of CWIP \$ \$137,365 \$140,970 \$140,771 \$144,199 \$148,849

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Feb-16	Mar-16	Apr-16	May-16	Jun-16
331001	D12.**01-P	Projects Funded by Others	331001-T&D Mains	101331100	331.4	N	2	-	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	101335000	335.4	N	2	-	-	-	-	-
333000		Projects Funded by Others	333000-Services	101333000	333.4	N	2	-	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	101334200	334.4	N	2	-	-	-	-	-
334100		Projects Funded by Others	334100-Meters	101334100	334.4	N	2	-	-	-	-	-
331001	R12.**A1	Mains - New	331001-T&D Mains	101331000	331.4	Y	2	1,243	700	298	558	1,005
301000		Mains - New	301000-Organization	101301000	301	N	2	-	-	-	-	-
331001	R12.**B1	Mains - Replaced / Restored	331001-T&D Mains	101331000	331.4	Y	2	2,486	1,519	1,191	1,787	2,978
333000		Mains - Replaced / Restored	333000-Services	101333000	333.4	Y	2	249	152	119	179	298
334100		Mains - Replaced / Restored	334100-Meters	101334100	334.4	Y	2	186	114	89	134	223
335000		Mains - Replaced / Restored	335000-Hydrants	101335000	335.4	Y	2	186	114	89	134	223
331001	R12.**C1	Mains - Unscheduled	331001-T&D Mains	101331000	331.4	N	1	-	-	-	-	-
331001	R12.**D1	Mains - Relocated	331001-T&D Mains	101331000	331.4	Y	2	2,144	1,055	84	101	151
335000		Mains - Relocated	335000-Hydrants	101335000	335.4	Y	2	238	117	9	11	17
335000	R12.**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	101335000	335.4	Y	1	136	136	136	136	136
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	101331000	331.4	Y	1	-	-	-	-	-
335000	R12.**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	101335000	335.4	Y	1	415	415	415	415	415
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	101331000	331.4	Y	1	-	-	-	-	-
333000	R12.**G1	Services and Laterals - New	333000-Services	101333000	333.4	N	1	-	-	-	-	-
333000	R12.**H1	Services and Laterals - Replaced	333000-Services	101333000	333.4	Y	1	1	1	1	1	1
334100	R12.**I1	Meters - New	334100-Meters	101334100	334.4	Y	1	200	200	200	200	200
334100	R12.**J1	Meters - Replaced	334100-Meters	101334100	334.4	Y	1	-	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	101339200	339.2	Y	1	-	-	-	-	-
340100	R12.**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	101340100	340.5	Y	1	3,335	3,335	3,335	3,335	3,335
340300		ITS Equipment and Systems	340300-Computer Software	101340300	340.5	Y	1	229	229	229	229	229
347000		ITS Equipment and Systems	347000-Misc Equipment	101347000	347.5	Y	1	7,394	7,394	7,394	7,394	7,394
320100	R12.**L1	SCADA Equipment and Systems	320100-Net Equip Non-Media	101320100	320.3	Y	1	324	324	324	324	324
340200			340200-Comp & Periph Equip	101340200	340.5	Y	1	-	-	-	-	-
340300			340300-Computer Software	101340300	340.5	Y	1	-	-	-	-	-
304500	R12.**M1	Security Equipment and Systems	304500-Struct & Imp-General	101304500	304.5	Y	1	19	19	19	19	19
304500	R12.**N1	Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	Y	1	37	37	37	37	37
341100	R12.**O1	Vehicles	341100-Trans Equip Lt Duty Trks	101341100	341.5	N	1	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	101341200	341.5	N	1	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	101341300	341.5	N	1	-	-	-	-	-

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With Slippage

Feb-16 Mar-16 Apr-16 May-16 Jun-16

AFUDC Element of CWIP \$ \$137,365 \$140,970 \$140,771 \$144,199 \$148,849

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Feb-16	Mar-16	Apr-16	May-16	Jun-16
343000	R12-***P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	2,404	1,662	179	372	506
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	901	623	67	140	316
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	1,502	1,039	112	233	316
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	601	416	45	93	127
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	601	416	45	93	127
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,237	1,237	1,237	1,237	1,237
303200		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-
339100		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,204	1,204	1,204	1,204	1,204
339600		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	213	213	213	213	213
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-
304100	112-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	44,297	46,336	47,069	47,455	47,613
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	29,531	30,890	31,379	31,637	31,742
330100	112-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	290	869	1,738	2,317	2,607
331001	112-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	15,193	15,795	16,626	17,882	18,713
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	53	128	232	389	493
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	53	128	232	389	493
331001	112-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	862	1,231	1,248
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	-	-	101	145	147
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	51	72	73
331001	112-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	1,477	1,970	2,709	3,447	4,186
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	174	232	319	406	492
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	87	116	159	203	246
331001	112-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	-	-	-
311000	112-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-
331001	112-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	-	-	-	-	-
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-
320100	112-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	-	-	-	-	-
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-
320100	112-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	10,342	10,342	10,342	10,342	10,342
310000	112-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	-	-	-	-	-
331001	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	1,566	4,010	3,622	865	865
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	-	-	-	-

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With Slippage

Feb-16 Mar-16 Apr-16 May-16 Jun-16
 AFUDC Element of CWIP \$ \$137,365 \$140,970 \$140,771 \$144,199 \$148,849

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Feb-16	Mar-16	Apr-16	May-16	Jun-16
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017					
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	304	887	1,566	2,075	1,937
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	35	101	179	237	221
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	9	25	45	59	55
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		790	790	790	790	790
311000	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		562	562	562	562	562

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With Slippage

AFUDC Element of CWIP \$ \$152,679 \$292,725 \$82,464 \$62,889 \$65,448

Jul-16 Aug-16 Sep-16 Oct-16 Nov-16

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-	-	-	-	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-	-	-	-	-
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	1,936	2,792	2,978	2,978	2,822
301000		Mains - New	301000-Organization	10130100	301	N	2	-	-	-	-	-
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	4,467	5,360	5,211	5,330	5,611
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	447	536	521	533	561
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	335	402	391	400	421
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	335	402	391	400	421
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	268	436	536	536	508
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	30	48	60	60	56
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	136	136	147	147	147
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	415	415	449	449	449
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-	-	-	-	-
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1	1
331001		Services and Laterals - Replaced	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	200	200	216	216	216
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-	-
340100	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,335	3,335	3,611	3,611	3,611
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	229	229	248	248	248
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	7,394	7,394	8,008	8,008	8,008
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	324	324	351	351	351
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-	-
340300		SCADA Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	-	-	-	-	-
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	19	19	21	21	21
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	37	37	40	40	40
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-	-

Kentucky American Water Company
Case No. 2015-00418
CWIP by Month, October 2015 - August 2017

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
Worksheet: W/P - 1-4

Jul-16 Aug-16 Sep-16 Oct-16 Nov-16

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	AFUDC Element of CWIP \$						
								Jul-16	Aug-16	Sep-16	Oct-16	Nov-16		
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	792	1,167	1,298	1,236	1,290		
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	297	438	487	463	484		
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	495	730	811	772	806		
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	198	292	325	309	322		
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	198	292	325	309	322		
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-		
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,237	1,237	1,340	1,340	1,340		
303200		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-		
339100		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,204	1,204	1,304	1,304	1,304		
339600		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	213	213	230	230	230		
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-		
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	47,613	217,371	-	-	-		
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	31,742	-	-	-	-		
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	2,607	-	-	-	-		
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	18,925	19,045	20,626	-	-		
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	519	534	578	-	-		
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	519	534	578	-	-		
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	1,266	2,250	2,837	3,637	4,704		
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	149	265	334	428	553		
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	74	132	167	214	277		
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	4,925	5,417	6,246	6,379	6,486		
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	579	637	735	751	763		
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	290	319	367	375	382		
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	-	122	245		
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	-	3	7		
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-		
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	-	-	157	471	941		
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-		
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	145	435	941	1,569	1,726		
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-		
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	10,342	10,342	11,201	11,201	11,201		
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	-	116	314	502	627		
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	865	865	936	936	936		
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	-	-	-	-		
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	-	-	-	-		

Kentucky American Water Company
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 CWIP by Month, October 2015 - August 2017

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
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With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	AFUDC Element of CWIP \$				
								Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
304500	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	\$152,679	\$292,725	\$82,464	\$62,889	\$65,448
331001	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	969	310	120	-	-
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	111	35	14	-	-
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	28	9	3	-	-
339100	I12-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		790	790	855	855	855
311000	I12-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		562	562	609	609	609

Kentucky American Water Company
Case No. 2015-00418
CWIP by Month, October 2015 - August 2017

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
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With Slippage

Dec-16 Jan-17 Feb-17 Mar-17 Apr-17 May-17

AFUDC Element of CWIP \$ \$63,998 \$59,999 \$43,423 \$41,319 \$41,730 \$46,329

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
331001	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-	-	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-	-	-	-	-	-
333000		Projects Funded by Others	333000-Service	10133300	333.4	N	2	-	-	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-	-	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-	-	-	-	-	-
331001	R12-01A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	1,814	1,088	726	322	242	322
301000		Mains - New	301000-Organization	10130100	301	N	2	-	-	-	-	-	-
331001	R12-01B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	4,515	3,225	2,103	1,458	1,290	1,935
333000		Mains - Replaced / Restored	333000-Service	10133300	333.4	Y	2	451	322	210	146	129	193
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	339	242	158	109	97	145
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	339	242	158	109	97	145
331001	R12-01C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-	-	-
331001	R12-01D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	363	218	145	145	145	218
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	40	24	16	16	16	24
335000	R12-01E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	147	147	147	147	147	147
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-	-
335000	R12-01F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	449	449	449	449	449	449
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-	-	-
333000	R12-01G1	Services and Laterals - New	333000-Service	10133300	333.4	N	1	-	-	-	-	-	-
333000	R12-01H1	Services and Laterals - Replaced	333000-Service	10133300	333.4	Y	1	1	1	1	1	1	1
333000		Services and Laterals - Replaced	0	10133300	333.4	N	1	-	-	-	-	-	-
334100	R12-01I1	Meters - New	334100-Meters	10133410	334.4	Y	1	216	216	216	216	216	216
334100	R12-01J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-	-	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-	-	-
340100	R12-01K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,611	3,611	3,611	3,611	3,611	3,611
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	248	248	248	248	248	248
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	8,008	8,008	8,008	8,008	8,008	8,008
320100	R12-01L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	351	351	351	351	351	351
340200			340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-	-	-
340300			340300-Computer Software	10134010	340.5	Y	1	-	-	-	-	-	-
304500	R12-01M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	21	21	21	21	21	21
304500	R12-01N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	40	40	40	40	40	40
341100	R12-01O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-	-	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-	-	-

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
Workpaper 1W/P - 1-4

With Slippage

Dec-16 Jan-17 Feb-17 Mar-17 Apr-17 May-17

Account	FP#	Project Description	Plant Account	SAP GL Account	MARUC Account	AFUDC?	Months til In-Service or In-Service Date	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
343000	R12-***P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	1,290	1,290	906	293	193	387
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	484	484	340	110	73	145
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	806	806	566	183	121	242
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	322	322	227	73	48	97
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	322	322	227	73	48	97
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-	-
301000	R12-***S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,340	1,340	1,340	1,340	1,340	1,340
303200		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-	-
339100		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,304	1,304	1,304	1,304	1,304	1,304
339600		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	230	230	230	230	230	230
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	-	-	-	-	-	-
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-	-	-	-	-	-
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	-	-	-
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	-	-	-
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	-	-	-
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	-	-	-
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	5,067	5,067	-	-	-	-
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	596	596	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	298	298	-	-	-	-
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	6,539	6,539	-	-	-	-
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	769	769	-	-	-	-
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	385	385	-	-	-	-
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	245	122	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	7	3	-	-	-	-
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	1,569	1,579	1,589	1,599	1,609	1,619
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	1,098	314	-	314	941	1,201
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-	-
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	11,201	11,201	11,201	11,201	11,201	11,201
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	627	627	941	1,255	1,255	1,255
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	936	936	936	936	936	936
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	-	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	-	-	-	-	-

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
Worksheet: W/P - 1-4

With Slippage

Dec-16 Jan-17 Feb-17 Mar-17 Apr-17 May-17
AFUDC Element of CWIP \$ \$63,398 \$59,999 \$43,423 \$41,319 \$41,730 \$46,329

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017					157	1,412
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016						
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016						
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016						
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		855	855	855	855	855	855
311000	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		609	609	609	609	609	609

Kentucky American Water Company
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CWIP by Month, October 2015 - August 2017

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
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With Slippage

Base Period as of 30-Apr-16
AFUDC Element of CWIP \$ \$51,546 \$55,104 \$57,397 \$ 140,771

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Jun-17	Jul-17	Aug-17	30-Apr-16
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-	-	-	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-	-	-	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-	-	-	-
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	766	1,411	1,612	298
301000		Mains - New	301000-Organization	10130100	301	N	2	-	-	-	-
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	3,225	4,837	5,805	1,191
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	322	484	580	119
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	242	363	435	89
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	242	363	435	89
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	435	580	653	84
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	48	64	73	9
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	147	147	147	136
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	449	449	449	415
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-	-	-	-
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-	-	-	-
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	1	1	1	1
331001		Services and Laterals - Replaced	331001-T&D Mains	10133100	331.4	N	1	-	-	-	-
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	216	216	216	200
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-	-	-	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-	-	-	-
340100	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	3,611	3,611	3,611	3,335
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	248	248	248	229
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	8,008	8,008	8,008	7,394
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	351	351	351	324
340200		SCADA Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	Y	1	-	-	-	-
340300		SCADA Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	-	-	-	-
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	21	21	21	19
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	40	40	40	37
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-	-	-	-
341200		Vehicles	341200-Trans Equip Hwy Trks	10134100	341.5	N	1	-	-	-	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	-	-	-

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
Worksheet: W/P - 1-4

With Slippage

Base Period as of 30-Apr-16 \$ 140,771

Jun-17 \$51,546 Jul-17 \$55,104 Aug-17 \$57,397

AFUDC Element of CWIP \$

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Jun-17	Jul-17	Aug-17	30-Apr-16
343000	R12-***P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	-	-	-	-
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	484	774	1,032	179
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	181	290	387	67
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	302	484	645	112
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	121	193	258	45
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	121	193	258	45
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	1,340	1,340	1,340	1,237
303200		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-
339100		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	1,304	1,304	1,304	1,204
339600		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	230	230	230	213
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	-	-	-	-
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	-	-	-	47,069
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	-	-	-	31,379
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	1,738
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	16,626
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	232
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	232
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	-	862
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	-	-	-	101
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	-	51
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	-	2,709
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	-	-	-	319
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	-	159
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	-	-	-	-
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	-	-	-	-
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	-	-	-	-
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	1,629	1,639	2,581	-
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	2,824	4,078	4,078	-
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	11,201	11,201	11,201	10,340
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	1,255	1,255	1,255	-
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	936	936	936	3,622
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	-	-	-
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	-	-	-

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
Worksheet W/P - 1-4

With Slippage

Base Period
as of

30-Apr-16
30-Apr-16
\$ 140,771

Jun-17 Jul-17 Aug-17
\$51,546 \$55,104 \$57,997

AFUDC Element of CWIP \$

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Jun-17	Jul-17	Aug-17	30-Apr-16
304500	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	2,039	784		
331001	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016				1,566
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016				179
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016				45
339100	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		855	855	855	790
311000	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		609	609	609	562

Kentucky American Water Company
 Case No. 2015-00418
 CWIP by Month, October 2015 - August 2017

Forecast Per.
 13-Month Avg

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
 Workpaper: WP - 1-4

Aug-16 - Aug-17
 AFUDC Element of CWIP \$ 963,772

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Forecast Per. 13-Month Avg Aug-16 - Aug-17
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	-
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	-
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	-
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	19,873
301000		Mains - New	301000-Organization	10130100	301	N	2	-
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	49,906
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	4,991
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	3,743
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	3,743
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	4,918
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	546
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	Y	1	1,900
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	Y	1	-
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	Y	1	5,803
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	Y	1	-
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	Y	1	19
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	Y	1	2,793
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	Y	1	-
339200		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	Y	1	-
340100	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	Y	1	46,672
340300		ITS Equipment and Systems	340300-Computer Software	10134010	340.5	Y	1	3,199
347000		ITS Equipment and Systems	347000-Misc Equipment	10134700	347.5	Y	1	103,488
320100	R12-**L1	SCADA Equipment and Systems	320100-Wt Equip Non-Media	10132010	320.3	Y	1	4,531
340200			340200-Comp & Periph Equip	10134020	340.5	Y	1	-
340300			340300-Computer Software	10134010	340.5	Y	1	-
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	Y	1	266
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	Y	1	515
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	-
341200		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	-
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-

Kentucky American Water Company
 Case No. 2015-00418
 CWIP by Month, October 2015 - August 2017

Forecast Per.
 13-Month Avg

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts
 Workpaper: W/P - 1-4

Aug-16 - Aug-17

AFUDC Element of CWIP \$ \$963,772

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Forecast Per. 13-Month Avg
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	Y	1	
304100	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	11,641
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	4,365
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	7,276
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	2,910
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	2,910
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	
301000	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	Y	1	17,312
303200		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	
339100		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	16,850
339600		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	2,975
340315	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	Y	1	
304100	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	217,371
320100		RRS Filter Building Replacement	320100-WT Equip Non-Media	10132010	320.3	Y	5/30/2016	
330100	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	
331001	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	Y	8/31/2016	39,671
333000		New Circle Rd Main Relocation	333000-Services	10133300	333.4	Y	8/31/2016	1,113
335000		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	Y	8/31/2016	1,113
331001	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	23,563
333000		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	2,772
335000		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	1,386
331001	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	37,607
333000		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	4,424
335000		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	2,212
331001	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	1/0/1900	734
335000		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	1/0/1900	21
311000	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	N	9/30/2017	
331001	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	16,980
335000		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	
320100	I12-020037	KRS1 Chemical Storage and Feed Improvements	320100-Wt Equip Non-Media	10132010	320.3	Y	12/31/2018	19,886
335000		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018	
320100	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	144,748
310000	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	11,285
331001	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	12,102
333000		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	
335000		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	

Kentucky American Water Company
 Case No. 2015-00418
 CWIP by Month, October 2015 - August 2017

Forecast Per.
 13-Month Avg

Automatically calculates: Prior month balance (beginning w/ Aug 2015 balance) + Capital Additions - Placed in Service Amounts

Aug-16 - Aug-17

AFUDC Element of CWIP \$ 963,772

With Slippage

Account	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC?	Months til In-Service or In-Service Date	Forecast Per. 13-Month Avg Aug-16 - Aug-17
304500	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	4,392
331001	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	430
333000		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	49
335000		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	12
339100	I12-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		11,055
311000	I12-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		7,870

Kentucky American Water Company
Case No. 2015-00418
Capital Addition Activity by Month, October 2015 - August 2017
Worksheet #: W/P - 1-3

Slippage for RPs 1.177
Slippage for IPs 0.916

Total Capital Additions
Nov-15 \$2,921,648
Dec-15 \$3,180,190
Jan-16 \$1,347,744
Feb-16 \$1,903,282
Mar-16 \$2,811,042

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months in Construx	Water CWIP Bal Fwd Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	5625,605	108,430	90,000	112,500	135,000	198,000
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	27,477	14,180	11,770	14,713	17,655	23,894
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	66,216	-	-	-	-	-
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-	-	-
5		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	2,584	-	-	-	-	-
6													
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	441,352	103,576	92,983	17,655	29,425	58,850
8		Mains - New	301000-Organization	10130100	301.0	N	2	-	-	-	-	-	-
9													
10	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	3,342,932	247,036	145,948	94,160	94,160	188,320
11		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	-	24,704	14,595	9,416	9,416	18,832
12		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	-	18,528	10,946	7,062	7,062	14,124
13		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	334	18,528	10,946	7,062	7,062	14,124
14													
15	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	-	42,449	43,549	20,303	32,073	30,602
16													
17	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	60,136	177,433	161,543	5,297	7,945	7,945
18		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	-	19,715	17,949	589	883	883
19													
20	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	21,464	31,779	31,779	1,766	3,531	7,062
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	-	21,186	21,186	1,177	2,354	4,708
22													
23	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	65,553	40,607	40,607	21,186	28,248	28,248
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	-	27,071	27,071	14,124	18,832	18,832
25													
26	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	-	74,740	61,204	41,195	47,080	55,437
27													
28	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	217	79,368	57,696	23,540	47,080	35,310
29		Services and Laterals - Replaced	0			N	1	-	-	-	-	-	-
30													
31	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	31,550	37,664	37,664	11,770	11,770	24,717
32													
33	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	-	72,081	60,311	7,062	12,947	24,717
34		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	N	1	-	-	-	-	-	-
35													
36	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	N	1	527,223	-	-	-	-	-
37			340300-Computer Software	10134010	340.5	N	1	36,131	-	-	-	-	-
38			347000-Misc Equipment	10134700	347.5	N	1	1,169,031	-	-	-	-	-
39													
40	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	Y	6	51,180	27,542	36,106	-	35,310	5,885
41			340200-Comp & Periph Equip	10134020	340.5	N	1	-	-	-	-	-	-
42			340300-Computer Software	10134010	340.5	N	1	-	-	-	-	-	-
43													
44													
45	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	3,000	35,310	35,310	-	3,531	3,531
46													
47	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	5,812	-	-	-	-	-
48		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	-	-	-	-	-	-
49		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	-	-	-	-	-	-
50		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	-	-	-	-	-	-
51		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	-	-	-	-	-	-
52		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	-	-	-	-	-	-
53													
54	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	2,238	19,615	31,655	-	128,175	128,199

Slippage for RPs 1.177
Slippage for IPs 0.916

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months In Construct	Water CWIP Bal Fwd Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total Capital Additions				
														Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
55		Vehicles	341200-Trans Equip Hwy Duty Trucks	10134100	341.5	N	1	-	108,430	90,000	112,500	135,000	198,000	\$2,921,648	\$3,180,190	\$1,347,744	\$1,903,282	\$2,811,042
56		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	-	20,209	32,615	-	-	-	128,175	-	-	132,059	132,083
57																		
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	-	-	-	2,354	-	-	-	-	-	5,885	11,770
59																		
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	159,681	121,925	258,096	4,708	23,540	35,310	198,000			23,540	35,310
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	45,722	96,786	96,786	1,766	8,828	13,241	198,000			8,828	13,241
62		Process Plant Facilities and Equipment	311000-Pumping Equipment	10130600	306.1	Y	2	86,574	76,203	161,310	2,943	14,713	22,069	198,000			14,713	22,069
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	524,344	30,481	64,524	1,177	5,885	8,828	198,000			5,885	8,828
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	-	30,481	64,524	1,177	5,885	8,828	198,000			5,885	8,828
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	-	-	-	-	-	-	-			-	-
66																		
67	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	N	1	195,556	-	-	-	-	-	-			-	-
68		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	-	-	-	-	-	-	-			-	-
69		Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	190,343	29,845	29,845	3,502	3,502	3,502	198,000			3,502	3,502
70		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	33,611	5,267	5,267	618	618	618	198,000			618	618
71																		
72	R12-01K3/ T12-0	ITS Equipment and Systems - Centrally Spor	340315-Comp Software Specia	10134010	340.5	N		-	54,239	234,519	46,592	67,780	101,116	198,000			67,780	101,116
73																		
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	3,382,814	604,004	572,132	432,754	320,323	322,351	198,000			320,323	322,351
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	Y	5/30/2016	5,074,221	402,669	381,421	289,503	213,549	214,900	198,000			213,549	214,900
76																		
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	Y	6/30/2016	-	-	-	-	-	-	-			-	-
78																		
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	N	8/31/2016	2,335,539	10,552	12,278	10,666	32,974	95,263	198,000			32,974	95,263
80		New Circle Rd Main Relocation	333000-Services	10133300	333.4	N	8/31/2016	-	1,316	1,535	1,333	4,122	11,908	198,000			4,122	11,908
81		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	N	8/31/2016	-	1,316	1,535	1,333	4,122	11,908	198,000			4,122	11,908
82																		
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	-	-	-	-	-	-			-	-
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016	-	-	-	-	-	-	-			-	-
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	-	-	-	-	-	-			-	-
86																		
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016	-	77,860	58,395	39,930	58,395	77,860	198,000			58,395	77,860
88		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016	-	9,160	6,870	4,580	6,870	9,160	198,000			6,870	9,160
89		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016	-	4,580	3,435	2,290	3,435	4,580	198,000			3,435	4,580
90																		
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y	9/30/2017	-	-	-	-	-	-	-			-	-
92		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y	9/30/2017	-	-	-	-	-	-	-			-	-
93																		
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	Y	9/30/2017	-	-	-	-	-	-	-			-	-
95																		
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018	-	-	-	-	-	-	-			-	-
97		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018	-	-	-	-	-	-	-			-	-
98																		
99	I12-020037	KRS1 Chemical Storage and Feed Improvem	331001-T&D Mains	10133100	331.4	Y	12/31/2018	-	-	-	-	-	-	-			-	-
100		KRS1 Chemical Storage and Feed Improvem	335000-Hydrants	10133500	335.4	Y	12/31/2018	-	-	-	-	-	-	-			-	-
101	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015	1,635,112	-	-	-	-	-	-			-	-
102																		
103	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	-	-	-	-	-	-	-			-	-
104																		
105	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	341,994	98,167	90,695	49,548	61,344	435,954	198,000			61,344	435,954
106		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	-	11,549	10,670	5,829	7,217	14,434	198,000			7,217	14,434

Slippage for RPs 1.177
 Slippage for IPs 0.916

Total Capital Additions

Nov-15 \$2,921,648 Dec-15 \$3,180,190 Jan-16 \$1,347,744 Feb-16 \$1,903,282 Mar-16 \$2,811,042

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months in Construx	Water CWIP Bal Fwd	Total Capital Additions				
									Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
107		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	-	5,775	5,335	2,915	3,608	7,217
108								-	-	-	-	-	-
109	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	-	-	-	-	-	-
110								-	-	-	-	-	-
111	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	-	-	-	12,023	36,068	104,495
112		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	-	-	-	1,374	4,122	11,908
113		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	-	-	-	344	1,031	2,977
114								-	-	-	-	-	-
115	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	139,327	-	-	-	-	-
116								-	-	-	-	-	-
117	112-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	670,321	-	-	-	-	-
118								-	-	-	-	-	-
119	112-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		124,880	-	-	-	-	-
120								-	-	-	-	-	-
121	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		88,900	-	-	-	-	-

Kentucky American Water Company
Case No. 2015-00418
Capital Addition Activity by Month, October 2015 - August 2017
Worksheet #: W/P - 1-3

Slippage for RPs
Slippage for IPs

1.177
0.916

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	101333100	331.4	198,000	207,000	225,000	247,500	247,500	225,000	184,500	135,000
2		Projects Funded by Others	335000-Hydrants	101333500	335.4	233,046	243,699	264,825	291,308	291,308	264,825	217,157	158,895
3		Projects Funded by Others	333000-Services	101333300	333.4	25,894	27,071	29,425	32,368	32,368	29,425	24,129	17,655
4		Projects Funded by Others	334200-Meter Installations	101334200	334.4	-	-	-	-	-	-	-	-
5		Projects Funded by Others	334100-Meters	101334100	334.4	-	-	-	-	-	-	-	-
6													
7	R12-**A1	Mains - New	331001-T&D Mains	101333100	331.4	100,045	205,975	235,400	235,400	235,400	176,550	88,275	70,620
8		Mains - New	301000-Organization	101301000	301.0	-	-	-	-	-	-	-	-
9													
10	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	101333100	331.4	282,480	423,720	423,720	400,180	442,552	376,640	282,480	188,320
11		Mains - Replaced / Restored	333000-Services	101333300	333.4	28,248	42,372	42,372	40,018	44,255	37,664	28,248	18,832
12		Mains - Replaced / Restored	334100-Meters	101334100	334.4	21,186	31,779	31,779	30,014	33,191	28,248	21,186	14,124
13		Mains - Replaced / Restored	335000-Hydrants	101333500	335.4	21,186	31,779	31,779	30,014	33,191	28,248	21,186	14,124
14													
15	R12-**C1	Mains - Unscheduled	331001-T&D Mains	101333100	331.4	30,014	24,129	30,014	30,014	35,899	35,899	37,958	43,843
16													
17	R12-**D1	Mains - Relocated	331001-T&D Mains	101333100	331.4	15,890	26,483	42,372	42,372	42,372	31,779	21,186	10,593
18		Mains - Relocated	335000-Hydrants	101333500	335.4	1,766	2,943	4,708	4,708	4,708	3,531	2,354	1,177
19													
20	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	101333500	335.4	14,124	21,186	21,186	19,421	17,655	14,124	10,664	7,062
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains	101333100	331.4	9,416	14,124	14,124	12,947	11,770	9,416	7,109	4,708
22													
23	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	101333500	335.4	14,124	14,830	16,243	19,774	26,836	26,694	25,423	17,655
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	101333100	331.4	9,416	9,887	10,828	13,182	17,890	17,796	16,949	11,770
25													
26	R12-**G1	Services and Laterals - New	333000-Services	101333300	333.4	61,486	73,563	94,160	94,160	92,395	74,740	62,970	50,611
27													
28	R12-**H1	Services and Laterals - Replaced	333000-Services	101333300	333.4	35,310	38,253	52,965	52,965	64,735	64,735	61,793	35,310
29		Services and Laterals - Replaced	0										
30													
31	R12-**I1	Meters - New	334100-Meters	101334100	334.4	31,779	31,779	61,204	49,434	44,726	43,549	61,204	43,549
32													
33	R12-**J1	Meters - Replaced	334100-Meters	101334100	334.4	70,620	48,904	71,797	54,142	49,787	94,160	42,372	42,372
34		Meters - Replaced	339200-Other P/E-Supply	101339200	339.2	-	-	-	-	-	-	-	-
35													
36	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	101340100	340.5	120,587	-	-	130,252	-	-	-	-
37			340300-Computer Software	101340100	340.5	-	-	-	-	-	-	-	-
38			347000-Misc Equipment	101347000	347.5	-	-	-	-	-	-	-	-
39													
40	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrument	101346000	346.5	41,195	-	29,425	41,195	41,195	-	41,195	41,195
41			340200-Comp & Periph Equip	101340200	340.5	-	-	-	-	-	-	-	-
42			340300-Computer Software	101340100	340.5	-	-	-	-	-	-	-	-
43													
44													
45	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	101304500	304.5	5,885	5,885	11,770	17,655	17,655	19,244	23,540	11,770
46													
47	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	29,425	29,425	58,850	58,850	58,850	29,425	-	-
48		Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	-	-	-	-	-	-	-	-
49		Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	-	-	-	-	-	-	-	-
50		Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	-	-	-	-	-	-	-	-
51		Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	-	-	-	-	-	-	-	-
52		Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	-	-	-	-	-	-	-	-
53		Offices and Operations Centers	304500-Struct & Imp-General	101304500	304.5	-	-	-	-	-	-	-	-
54	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	101341000	341.5	-	-	-	-	-	-	-	-

Kentucky American Water Company
 Case No. 2015-00418
 Capital Addition Activity by Month, October 2015 - August 2017
 Worksheet #:

Slippage for RPs
 Slippage for IPs

1.177
 0.916

Dec-16 \$1,189,145 Jan-17 \$731,221 Feb-17 \$1,117,905 Mar-17 \$1,432,727 Apr-17 \$1,918,812 May-17 \$2,650,545 Jun-17 \$2,960,554

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	135,000	112,500	135,000	198,000	198,000	207,000	225,000
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	17,655	14,713	17,655	25,894	233,046	243,639	264,825
3		Projects Funded by Others	333000-Services	10133300	333.4	-	-	-	-	25,894	27,071	29,425
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	-	-	-	-	-	-	-
5		Projects Funded by Others	334100-Meters	10133410	334.4	-	-	-	-	-	-	-
6												
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	35,310	11,770	23,540	23,540	88,275	117,700	117,700
8		Mains - New	301000-Organization	10130100	301.0	-	-	-	-	-	-	-
9												
10	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	118,642	94,160	94,160	188,320	282,480	423,720	423,720
11		Mains - Replaced / Restored	333000-Services	10133300	333.4	11,864	9,416	9,416	18,832	28,248	42,372	42,372
12		Mains - Replaced / Restored	334100-Meters	10133410	334.4	8,898	7,062	7,062	14,124	21,186	31,779	31,779
13		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	8,898	7,062	7,062	14,124	21,186	31,779	31,779
14												
15	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	43,549	20,303	32,073	30,602	30,014	24,129	30,014
16												
17	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	10,593	10,593	10,593	21,186	42,372	42,372	52,965
18		Mains - Relocated	335000-Hydrants	10133500	335.4	1,177	1,177	1,177	2,354	4,708	4,708	5,885
19												
20	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	3,531	1,766	3,531	7,062	14,124	21,186	21,186
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	2,354	1,177	2,354	4,708	9,416	14,124	14,124
22												
23	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	9,357	21,186	28,248	28,248	14,124	14,830	16,243
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	6,238	14,124	18,832	18,832	9,416	9,887	10,828
25												
26	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	51,553	41,195	47,080	55,437	61,486	73,563	94,160
27												
28	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	20,598	23,540	47,080	35,310	35,310	38,253	52,965
29		Services and Laterals - Replaced	0									
30												
31	R12-**I1	Meters - New	334100-Meters	10133410	334.4	24,976	11,770	11,770	24,717	31,779	31,779	61,204
32												
33	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	24,717	6,474	12,947	24,717	82,390	60,027	89,452
34		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	-	-	-	-	-	-	-
35												
36	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	-	-	124,275	-	146,250	-	-
37			340300-Computer Software	10134010	340.5	-	-	-	-	-	-	-
38			347000-Misc Equipment	10134700	347.5	-	-	-	-	-	-	-
39												
40	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	29,425	5,885	5,885	11,770	23,540	35,310	41,195
41			340200-Comp & Periph Equip	10134020	340.5	-	-	-	-	-	-	-
42			340300-Computer Software	10134010	340.5	-	-	-	-	-	-	-
43												
44												
45	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	11,770	2,354	2,354	2,354	8,271	17,655	23,540
46												
47	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	-	-	-
48		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	-	-	-
49		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	-	-	-
50		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	-	-	-
51		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	-	-	-
52		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	-	-	-
53												
54	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	-	-	-	27,189	-	62,146	87,392

Kentucky American Water Company
 Case No. 2015-00418
 Capital Addition Activity by Month, October 2015 - August 2017
 Workpaper #: W/P - 1-3

Slippage for RPs 1.177
 Slippage for IPs 0.916

Dec-16 \$1,189,145 Jan-17 \$731,221 Feb-17 \$1,117,905 Mar-17 \$1,432,727 Apr-17 \$1,918,812 May-17 \$2,650,545 Jun-17 \$2,960,554

Line #	FP#	Project Description	Utility	SAP GL Account	NARUC Account	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
55		Vehicles	Plant Account	10134100	341.5							
56		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5							
57			341300-Trans Equip Auto Car						27,189		62,146	87,392
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	4,779	2,354	5,885	11,770	35,310	29,425	68,266
59												
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	38,135	4,708	23,540	32,956	37,664	75,328	75,328
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	14,301	1,766	8,828	12,359	14,124	28,248	28,248
62		Process Plant Facilities and Equipment	311000-Pumping Equipment	10130600	306.1	23,834	2,943	14,713	20,598	23,540	47,080	47,080
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	9,534	1,177	5,885	8,239	9,416	18,832	18,832
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	9,534	1,177	5,885	8,239	9,416	18,832	18,832
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5							
66												
67	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1							
68		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2							
69		Engineering Studies	339600-Other P/E-Cps	10133910	339.1	3,001	3,502	3,502	3,502	3,502	5,002	5,002
70		Engineering Studies	348000-Other Tangible Property	10134800	348.5	530	618	618	618	618	883	883
71												
72	R12-01K3/T12-0:	ITS Equipment and Systems - Centrally Spor	340315-Comp Software Specia	10134010	340.5	120,875	90,190	106,803	144,813	158,029	134,307	150,056
73												
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2							
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2							
76												
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4							
78												
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4							
80		New Circle Rd Main Relocation	333000-Services	10133300	333.4							
81		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4							
82												
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	52,956						
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	6,230						
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	3,115						
86												
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	7,786						
88		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	916						
89		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	458						
90												
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	17,862						
92		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	500						
93												
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	91,600	137,400	183,200	183,200	183,200	201,520	201,520
95												
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	91,600	1,450	1,459	1,468	1,477	1,487	1,496
97		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4							
98												
99	I12-020037	KRS1 Chemical Storage and Feed Improvem	331001-T&D Mains	10133100	331.4	45,800			45,800	91,600	137,400	274,800
100		KRS1 Chemical Storage and Feed Improvem	335000-Hydrants	10133500	335.4							
101	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3							
102												
103	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	45,800	45,800	91,600	91,600	91,600	91,600	91,600
104												
105	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4							
106		KRS Valve House Rehabilitation (Phase 1.B)	335000-Services	10133500	335.4							

Kentucky American Water Company
 Case No. 2015-00418
 Capital Addition Activity by Month, October 2015 - August 2017
 Workpaper #: W/P - 1-3

Slippage for RPs 1.177
 Slippage for IPs 0.916

Dec-16 \$1,189,145 Jan-17 \$731,221 Feb-17 \$1,117,905 Mar-17 \$1,432,727 Apr-17 \$1,918,812 May-17 \$2,650,545 Jun-17 \$2,960,554

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
107		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	-	-	-	-	-	-	-
108												
109	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	-	-	-	-	22,900	183,200	114,500
110												
111	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	-	-	-	-	-	-	-
112		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	-	-	-	-	-	-	-
113		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	-	-	-	-	-	-	-
114												
115	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	-	-	-	-	22,900	183,200	114,500
116												
117	112-020046-01	KRS Actuator Replacement Level 1	320100-WF Equip Non-Media	10132010	320.3	-	-	-	-	-	-	-
118												
119	112-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	10133910	339.1	-	-	-	-	-	-	-
120												
121	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	-	-	-	-	-	-	-

Kentucky American Water Company
 Case No. 2015-00418
 Capital Addition Activity by Month, October 2015 - August 2017
 Workpaper #: W/P - 1-3

Line #	FP#	Project Description	Utility		NARUC Account	SAP GL Account	NARUC Account	Jul-17	Aug-17	#
			Plant	Account						
		Slippage for RPs	1.177				247,500	247,500	247,500	
		Slippage for IPs	0.916				2,941,675	2,642,885	2,642,885	
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	291,308	291,308	291,308	291,308	
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	32,368	32,368	32,368	32,368	
3		Projects Funded by Others	333000-Services	10133300	333.4	-	-	-	-	
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	-	-	-	-	
5		Projects Funded by Others	334100-Meters	10133410	334.4	-	-	-	-	
6										
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	117,700	117,700	117,700	117,700	
8		Mains - New	301000-Organization	10130100	301.0					
9										
10	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	400,180	400,180	442,552	442,552	
11		Mains - Replaced / Restored	333000-Services	10133300	333.4	40,018	40,018	44,255	44,255	
12		Mains - Replaced / Restored	334100-Meters	10133410	334.4	30,014	30,014	33,191	33,191	
13		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	30,014	30,014	33,191	33,191	
14										
15	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	30,014	30,014	35,899	35,899	
16										
17	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	52,965	52,965	52,965	52,965	
18		Mains - Relocated	335000-Hydrants	10133500	335.4	5,885	5,885	5,885	5,885	
19										
20	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	19,421	19,421	17,655	17,655	
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	12,947	12,947	11,770	11,770	
22										
23	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	19,774	19,774	26,836	26,836	
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	13,182	13,182	17,890	17,890	
25										
26	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	94,160	94,160	92,395	92,395	
27										
28	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	52,965	52,965	64,735	64,735	
29		Services and Laterals - Replaced	0							
30										
31	R12-**I1	Meters - New	334100-Meters	10133410	334.4	49,434	49,434	44,726	44,726	
32										
33	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	61,557	61,557	60,027	60,027	
34		Meters - Replaced	339200-Other P/E-Supply	10133920	339.2	-	-	-	-	
35										
36	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	154,711	154,711	-	-	
37			340300-Computer Software	10134010	340.5					
38			347000-Misc Equipment	10134700	347.5					
39										
40	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	41,195	41,195	41,195	41,195	
41			340200-Comp & Periph Equip	10134020	340.5	-	-	-	-	
42			340300-Computer Software	10134010	340.5	-	-	-	-	
43										
44										
45	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	47,080	47,080	47,080	47,080	
46										
47	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	58,850	58,850	58,850	58,850	
48		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5					
49		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5					
50		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5					
51		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5					
52		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5					
53										
54	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	79,624	79,624	-	-	

Kentucky American Water Company
 Case No. 2015-00418
 Capital Addition Activity by Month, October 2015 - August 2017
 Workpaper #: W/P - 1-3

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	2015		Aug-17 #
						Jul-17	Aug-17	
		Slippage for RPs	1.177					
		Slippage for IPs	0.916					
						2,941,675	2,642,885	
55		Vehicles	341200-Trans Equip Hwy Duty Trucks	10134100	341.5	79,624	-	
56		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	82,037	-	
57								
58	R12-**P1	Tools and Equipment	343000-Tools,Shop, Garage Equip	10134300	343.5	50,023	32,368	
59								
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	94,160	75,328	
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	35,310	28,248	
62		Process Plant Facilities and Equipment	311000-Pumping Equipment	10130600	306.1	58,850	47,080	
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	23,540	18,832	
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	23,540	18,832	
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	-	-	
66								
67	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	-	-	
68		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	-	-	
69		Engineering Studies	339600-Other P/E-Cps	10133910	339.1	5,002	5,002	
70		Engineering Studies	348000-Other Tangible Property	10134800	348.5	883	883	
71								
72	R12-01K3/T12-0:	ITS Equipment and Systems - Centrally Spor	340315-Comp Software Specia	10134010	340.5	138,118	138,521	
73								
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	-	-	
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130410	304.2	-	-	
76								
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	-	-	
78								
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	-	-	
80		New Circle Rd Main Relocation	333000-Services	10133300	333.4	-	-	
81		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	-	-	
82								
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	-	-	
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	-	-	
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	-	-	
86								
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	-	-	
88		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	-	-	
89		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	-	-	
90								
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	-	-	
92		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	-	-	
93								
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	201,520	201,520	
95								
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	1,506	137,400	
97		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	-	-	
98								
99	I12-020037	KRS1 Chemical Storage and Feed Improvem	331001-T&D Mains	10133100	331.4	320,600	274,800	
100		KRS1 Chemical Storage and Feed Improvem	335000-Hydrants	10133500	335.4	-	-	
101								
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	-	-	
103	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	91,600	91,600	
104								
105	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	-	-	
106		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	-	-	

Kentucky American Water Company
 Case No. 2015-00418
 Capital Addition Activity by Month, October 2015 - August 2017
 Workpaper #: W/P - 1-3

Jul-17 2,941,675
 Aug-17 2,642,885
 #

Slippage for RPs 1.177
 Slippage for IPs 0.916

Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	Jul-17	Aug-17	#
107		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	-	-	-
108								
109	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	-	-	-
110								
111	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	-	-	-
112		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	-	-	-
113		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	-	-	-
114								
115	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	-	-	-
116								
117	112-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	-	-	-
118								
119	112-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	10133910	339.1	-	-	-
120								
121	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	-	-	-

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Service Activity by Month, October 2015 - August 2017
 Per In-Service Date or Assumed Months in Construction Phase
 W/P - 1-1 and W/P - 1-3
 Workpaper #:

Total Placed in Service:

Nov-15 \$3,423,897
 Dec-15 \$3,611,473
 Jan-16 \$1,366,814

x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Water CWIP Bal Fwd Oct-15	Nov-15	Dec-15	Jan-16
1	D12-01-P	Projects Funded by Others	331001-T&D Mains		10133100	331.4	N	2	\$625,605	\$312,802	\$312,802	17,622
2		Projects Funded by Others	335000-Hydrants		10133500	335.4	N	2	27,477	13,739	13,739	14,180
3		Projects Funded by Others	333000-Services		10133300	333.4	N	2	66,216	33,108	33,108	-
4		Projects Funded by Others	334200-Meter Installations		10133420	334.4	N	2	0	0	0	-
5		Projects Funded by Others	334100-Meters		10133500	335.4	N	2	2,584	1,292	1,292	-
6	R12-01A1	Mains - New	331001-T&D Mains		10133100	331.4	Y	2	441,352	220,676	220,676	103,576
7	R12-01A1	Mains - New	301000-Organization		10130100	301.0	N	2	0	0	0	-
8												
9												
10	R12-01B1	Mains - Replaced / Restored	331001-T&D Mains		10133100	331.4	Y	2	3,342,932	1,671,466	1,671,466	247,036
11		Mains - Replaced / Restored	333000-Services		10133300	333.4	Y	2	0	0	0	24,704
12		Mains - Replaced / Restored	334100-Meters		10133410	334.4	Y	2	0	0	0	18,528
13		Mains - Replaced / Restored	335000-Hydrants		10133500	335.4	Y	2	334	167	167	18,528
14												
15	R12-01C1	Mains - Unscheduled	331001-T&D Mains		10133100	331.4	N	1	42,449	42,449	43,549	20,303
16												
17	R12-01D1	Mains - Relocated	331001-T&D Mains		10133100	331.4	Y	2	60,136	30,068	30,068	177,433
18		Mains - Relocated	335000-Hydrants		10133500	335.4	Y	2	0	0	0	19,715
19												
20	R12-01E1	Hydrants, Valves, and Manholes - New	335000-Hydrants		10133500	335.4	N	1	21,464	31,779	31,779	1,766
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains		10133100	331.4	N	1	0	21,186	21,186	1,177
22												
23	R12-01F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants		10133500	335.4	N	1	65,553	40,607	40,607	21,186
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains		10133100	331.4	N	1	0	27,071	27,071	14,124
25												
26	R12-01G1	Services and Laterals - New	333000-Services		10133300	333.4	N	1	74,740	74,740	61,204	41,195
27												
28	R12-01H1	Services and Laterals - Replaced	333000-Services		10133300	333.4	N	1	217	79,368	57,696	23,540
29		Services and Laterals - Replaced	333000-Services		10133300	333.4	N	1	0	0	0	0
30												
31	R12-01I1	Meters - New	334100-Meters		10133410	334.4	N	1	31,550	37,664	37,664	11,770
32												
33	R12-01J1	Meters - Replaced	334100-Meters		10133410	334.4	N	1	0	72,081	60,311	7,062
34		Meters - Replaced	339200-Other P/E-Supply		101339100	339.1	N	1	0	0	0	0
35												
36	R12-01K1	ITS Equipment and Systems	340100-Office Furniture & Equip		10134010	340.5	N	1	527,223	0	0	0
37			340300-Computer Software		10134010	340.5	N	1	36,131	0	0	0
38			347000-Misc Equipment		10134700	347.5	N	1	1,169,031	0	0	0
39												
40	R12-01L1	SCADA Equipment and Systems	346190-Remote Control & Instrument		10134600	346.5	N	1	51,180	27,542	36,106	0
41			340200-Comp & Periph Equip		10134020	340.5	N	1	0	0	0	0
42			340300-Computer Software		10134010	340.5	N	1	0	0	0	0
43												
44												
45	R12-01M1	Security Equipment and Systems	304500-Struct & Imp-General		10130450	304.5	N	1	3,000	35,310	35,310	0
46												
47	R12-01N1	Offices and Operations Centers	304500-Struct & Imp-General		10130450	304.5	N	1	5,812	0	0	0
48		Offices and Operations Centers	0				N	1	0	0	0	0
49		Offices and Operations Centers	0				N	1	0	0	0	0
50		Offices and Operations Centers	0				N	1	0	0	0	0
51		Offices and Operations Centers	0				N	1	0	0	0	0
52		Offices and Operations Centers	0				N	1	0	0	0	0

Kentucky American Water Company
Case No. 2015-00418
Capital In-Service Activity by Month, October 2015 - August 2017
Per In-Service Date or Assumed Months in Construction Phase
Worksheet #:

Slippage for RPs
Slippage for IPs

Total Placed in Service:

Nov-15 \$3,423,897
Dec-15 \$3,611,473
Jan-16 \$1,366,814

x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Water CWIP Bal Fwd Oct-15	Nov-15	Dec-15	Jan-16
53												
54	R12-**01	Vehicles	341100-Trans Equip Lt Duty Trks	Utility	10134100	341.5	N	1	2,238	19,615	31,655	0
55		Vehicles	341200-Trans Equip Hwy Duty Trks		10134100	341.5	N	1		19,615	31,655	0
56		Vehicles	341300-Trans Equip Auto Car		10134100	341.5	N	1		20,209	32,615	0
57												
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip		10134300	343.5	N	1	0	0	0	2,354
59												
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply		10130410	304.2	Y	2	159,681	79,840	79,840	121,925
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes		10130600	306.1	Y	2	0	0	0	45,722
62		Process Plant Facilities and Equipment	311000-Pumping Equipment		10130600	306.1	Y	2	86,574	43,287	43,287	76,203
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media		10132010	320.3	Y	2	524,344	262,172	262,172	30,481
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks		10133000	330.1	Y	2	0	0	0	30,481
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment		10134400	344.5	Y	2	0	0	0	-
66												
67	R12-**S1	Engineering Studies	301000-Organization		10130100	301.1	N	1	195,556	0	0	0
68		Engineering Studies	303200-Land & Land Rights-Supply		10130320	303.2	Y	6	0	0	0	0
69		Engineering Studies	339100-Other P/E-Intangible		10133910	339.1	Y	6	190,343	29,845	29,845	3,502
70		Engineering Studies	339600-Other P/E-Cps		10133960	339.6	Y	6	33,611	5,267	5,267	618
71												
72	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia		10134010	340.5	N	1		54,239	234,519	46,592
73												
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016	3,382,814			
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016	5,074,221			
76												
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes		10133000	330.4	N	6/30/2016				
78												
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains		10133100	331.4	N	8/31/2016	2,335,539			
80		New Circle Rd Main Relocation	333000-Services		10133300	333.4	N	8/31/2016				
81		New Circle Rd Main Relocation	335000-Hydrants		10133500	335.4	N	8/31/2016				
82												
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains		10133100	331.4	Y	12/31/2016				
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services		10133300	333.4	Y	12/31/2016				
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants		10133500	335.4	Y	12/31/2016				
86												
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains		10133100	331.4	Y	12/31/2016				
88		Athens Boonesboro Main Extension	333000-Services		10133300	333.4	Y	12/31/2016				
89		Athens Boonesboro Main Extension	335000-Hydrants		10133500	335.4	Y	12/31/2016				
90												
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains		10133100	331.4	Y			0	0	0
92		Post Acquisition BD Capex	335000-Hydrants		10133500	335.4	Y			0	0	0
93												
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment		10131120	311.2	Y	9/30/2017				
95												
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains		10133100	331.4	Y	7/30/2018				
97		Georgetown Bypass and US 25 Area	335000-Hydrants		10133500	335.4	Y	7/30/2018				
98												
99	I12-020037	KRS1 Chemical Storage and Feed Improvements	331001-T&D Mains		10133100	331.4	Y	12/31/2018				
100		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants		10133500	335.4	Y	12/31/2018				
101												
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media		10132010	320.3	Y	5/29/2015	1,635,112			
103												
104	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip		10131000	310.2	Y	12/31/2017				

Kentucky American Water Company

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Capital In-Service Activity by Month, October 2015 - August 2017

Per In-Service Date or Assumed Months in Construction Phase

W/P - 1-1 and W/P - 1-3

Workpaper #:

Total Placed in Service:

Nov-15 \$3,423,897 Dec-15 \$3,611,473 Jan-16 \$1,366,814

X Line #	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Water CWIP Bal Fwd Oct-15	Nov-15	Dec-15	Jan-16	
105												
		Slippage for RPs										
		Slippage for IPs										
106	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	341,994	99,191	106,095	98,167	
107		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016		11,670	12,482	11,549	
108		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016		5,835	6,241	5,775	
109												
110	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017		0	0	0	
111												
112	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016		0	0	0	
113		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016		0	0	0	
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016		0	0	0	
115												
116	I12-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	139,327	0	0	0	
117												
118	I12-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	670,321	0	0	0	
119												
120	I12-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		124,880				
121												
122	I12-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		88,900				

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 Workpaper #:

		Total Placed in Service:										
		Feb-16	Mar-16	Apr-16	May-16							
		\$2,033,502	\$1,116,702	\$1,118,482	\$1,680,228							
x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Feb-16	Mar-16	Apr-16	May-16
1	D12-01-P	Projects Funded by Others	331001-T&D Mains		10133100	331.4	N	2	105,930	132,413	158,895	233,046
2		Projects Funded by Others	335000-Hydrants		10133500	335.4	N	2	11,770	14,713	17,655	25,894
3		Projects Funded by Others	333000-Services		10133300	333.4	N	2	-	-	-	-
4		Projects Funded by Others	334200-Meter Installations		10133420	334.4	N	2	-	-	-	-
5		Projects Funded by Others	334100-Meters		10133500	335.4	N	2	-	-	-	-
6												
7	R12-01A1	Mains - New	331001-T&D Mains		10133100	331.4	Y	2	92,983	17,655	29,425	58,850
8		Mains - New	301000-Organization		10130100	301.0	N	2	-	-	-	-
9												
10	R12-01B1	Mains - Replaced / Restored	331001-T&D Mains		10133100	331.4	Y	2	145,948	94,160	94,160	188,320
11		Mains - Replaced / Restored	333000-Services		10133300	333.4	Y	2	14,595	9,416	9,416	18,832
12		Mains - Replaced / Restored	334100-Meters		10133410	334.4	Y	2	10,946	7,062	7,062	14,124
13		Mains - Replaced / Restored	335000-Hydrants		10133500	335.4	Y	2	10,946	7,062	7,062	14,124
14												
15	R12-01C1	Mains - Unscheduled	331001-T&D Mains		10133100	331.4	N	1	32,073	30,602	30,014	24,129
16												
17	R12-01D1	Mains - Relocated	331001-T&D Mains		10133100	331.4	Y	2	161,543	5,297	7,945	7,945
18		Mains - Relocated	335000-Hydrants		10133500	335.4	Y	2	17,949	589	883	883
19												
20	R12-01E1	Hydrants, Valves, and Manholes - New	335000-Hydrants		10133500	335.4	N	1	3,531	7,062	14,124	21,186
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains		10133100	331.4	N	1	2,354	4,708	9,416	14,124
22												
23	R12-01F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants		10133500	335.4	N	1	28,248	28,248	14,124	14,830
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains		10133100	331.4	N	1	18,832	18,832	9,416	9,887
25												
26	R12-01G1	Services and Laterals - New	333000-Services		10133300	333.4	N	1	47,080	55,437	61,486	73,563
27												
28	R12-01H1	Services and Laterals - Replaced	333000-Services		10133300	333.4	N	1	47,080	35,310	35,310	38,253
29		Services and Laterals - Replaced	333000-Services		10133300	333.4	N	1	0	0	0	0
30												
31	R12-01I1	Meters - New	334100-Meters		10133410	334.4	N	1	11,770	24,717	31,779	31,779
32												
33	R12-01J1	Meters - Replaced	334100-Meters		10133410	334.4	N	1	12,947	24,717	70,620	48,904
34		Meters - Replaced	339200-Other P/E-Supply		101339100	339.1	N	1	0	0	0	0
35												
36	R12-01K1	ITS Equipment and Systems	340100-Office Furniture & Equip		10134010	340.5	N	1	0	0	120,587	0
37			340300-Computer Software		10134010	340.5	N	1	0	0	0	0
38			347000-Misc Equipment		10134700	347.5	N	1	0	0	0	0
39												
40	R12-01L1	SCADA Equipment and Systems	346190-Remote Control & Instrument		10134600	346.5	N	1	35,310	5,885	41,195	0
41			340200-Comp & Periph Equip		10134020	340.5	N	1	0	0	0	0
42			340300-Computer Software		10134010	340.5	N	1	0	0	0	0
43												
44												
45	R12-01M1	Security Equipment and Systems	304500-Struct & Imp-General		10130450	304.5	N	1	3,531	3,531	5,885	5,885
46												
47	R12-01N1	Offices and Operations Centers	304500-Struct & Imp-General		10130450	304.5	N	1	0	0	29,425	29,425
48		Offices and Operations Centers	0			0	N	1	0	0	0	0
49		Offices and Operations Centers	0			0	N	1	0	0	0	0
50		Offices and Operations Centers	0			0	N	1	0	0	0	0
51		Offices and Operations Centers	0			0	N	1	0	0	0	0
52		Offices and Operations Centers	0			0	N	1	0	0	0	0

Kentucky American Water Company
 Case No. 2015-00418
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 W/P - 1-1 and W/P - 1-3

Total Placed in Service:

x Line #	FP#	Project Description	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Feb-16	Mar-16	Apr-16	May-16
53								\$2,033,502	\$1,116,702	\$1,118,482	\$1,680,228
54	R12-**01	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	128,175	128,199	0	0
55		Vehicles	341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	128,175	128,199	0	0
56		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	132,059	132,083	0	0
57											
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	5,885	11,770	35,310	29,425
59											
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	258,096	4,708	23,540	35,310
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	96,786	1,766	8,828	13,241
62		Process Plant Facilities and Equipment	311000-Pumping Equipment	10130600	306.1	Y	2	161,310	2,943	14,713	22,069
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	64,524	1,177	5,885	8,828
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	64,524	1,177	5,885	8,828
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	0	0	0	0
66											
67	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	N	1	0	0	0	0
68		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	0	0	0	0
69		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	3,502	3,502	3,502	5,002
70		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	618	618	618	883
71											
72	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	N	1	67,780	101,116	100,929	105,977
73											
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130430	304.3	Y	5/30/2016				
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130430	304.3	Y	5/30/2016				
76											
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	N	6/30/2016				
78											
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	N	8/31/2016				
80		New Circle Rd Main Relocation	333000-Services	10133300	333.4	N	8/31/2016				
81		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	N	8/31/2016				
82											
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016				
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016				
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016				
86											
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016				
88		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016				
89		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016				
90											
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y		0	0	0	0
92		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y		0	0	0	0
93											
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	Y	9/30/2017				
95											
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018				
97		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018				
98											
99	I12-020037	KRS1 Chemical Storage and Feed Improvements	331001-T&D Mains	10133100	331.4	Y	12/31/2018				
100		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018				
101											
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015				
103											
104	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017				

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Service Activity by Month, October 2015 -August 2017
 Per In-Service Date or Assumed Months in Construction Phase
 W/P - 1-1 and W/P - 1-3

Total Placed In Service:

Feb-16 \$2,033,502
 Mar-16 \$1,116,702
 Apr-16 \$1,118,482
 May-16 \$1,680,228

x Line #	FP#	Project Description	Utility	Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Feb-16	Mar-16	Apr-16	May-16
105												
106	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	331001-T&D Mains	10133100	331.4	Y	3/31/2016	90,695	49,548	61,344	435,954
107		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	333000-Services	10133300	333.4	Y	3/31/2016	10,670	5,829	7,217	14,434
108		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	335000-Hydrants	10133500	335.4	Y	3/31/2016	5,335	2,915	3,608	7,217
109												
110	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	0	0	0	0
111												
112	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	331001-T&D Mains	10133100	331.4	Y	8/31/2016	0	12,023	36,068	104,195
113		New Circle Rd Main Relocation Phase 2	333000-Services	333000-Services	10133300	333.4	Y	8/31/2016	0	1,374	4,122	11,908
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	335000-Hydrants	10133500	335.4	Y	8/31/2016	0	344	1,031	2,977
115												
116	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	0	0	0	0
117												
118	112-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	0	0	0	0
119												
120	112-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	339100-Other P/E-Intangible	10133910	339.1	Y					
121												
122	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	311000-Pumping Equipment	10131120	311.2	Y					

Kentucky American Water Company

Case No. 2015-00418

Capital In-Service Activity by Month, October 2015 - August 2017

Per In-Service Date or Assumed Months in Construction Phase

Workpaper #: W/P - 1-1 and W/P - 1-3

Total Placed in Service:

Jun-16 Jul-16 Aug-16 Sep-16
 \$1,791,699 \$2,295,813 \$15,225,345 \$2,140,658

x Line #	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Total Placed in Service			
								Jun-16	Jul-16	Aug-16	Sep-16
1	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	233,046	243,639	264,825	291,308
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	25,894	27,071	29,425	32,368
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-
5		Projects Funded by Others	334100-Meters	10133500	335.4	N	2	-	-	-	-
6		Mains - New	331001-T&D Mains	10133100	331.4	Y	2	100,045	205,975	235,400	235,400
7	R12-01-A1	Mains - New	301000-Organization	10130100	301.0	N	2	-	-	-	-
9											
10	R12-01-B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	282,480	423,720	423,720	400,180
11		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	28,248	42,372	42,372	40,018
12		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	21,186	31,779	31,779	30,014
13		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	21,186	31,779	31,779	30,014
14											
15	R12-01-C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	30,014	30,014	35,899	35,899
16											
17	R12-01-D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	15,890	26,483	42,372	42,372
18		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	1,766	2,943	4,708	4,708
19											
20	R12-01-E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	21,186	19,421	17,655	14,124
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	14,124	12,947	11,770	9,416
22											
23	R12-01-F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	16,243	19,774	26,836	26,694
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	10,828	13,182	17,890	17,796
25											
26	R12-01-G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	94,160	94,160	92,395	74,740
27											
28	R12-01-H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	52,965	52,965	64,735	64,735
29		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	0	0	0	0
30											
31	R12-01-I1	Meters - New	334100-Meters	10133410	334.4	N	1	61,204	49,434	44,726	43,549
32											
33	R12-01-J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	71,797	54,142	49,787	94,160
34		Meters - Replaced	339200-Other P/E-Supply	101339100	339.1	N	1	0	0	0	0
35											
36	R12-01-K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	N	1	0	130,252	0	0
37			340300-Computer Software	10134010	340.5	N	1	0	0	0	0
38			347000-Misc Equipment	10134700	347.5	N	1	0	0	0	0
39											
40	R12-01-L1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	N	1	29,425	41,195	41,195	41,195
41			340200-Comp & Periph Equip	10134020	340.5	N	1	0	0	0	0
42			340300-Computer Software	10134010	340.5	N	1	0	0	0	0
43											
44											
45	R12-01-M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	11,770	17,655	17,655	19,260
46											
47	R12-01-N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	58,850	58,850	58,850	29,425
48		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
49		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
50		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
51		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
52		Offices and Operations Centers	0	0	0	N	1	0	0	0	0

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Servicing Activity by Month, October 2015 - August 2017
 Per In-Service Date or Assumed Months in Construction Phase
 W/p - 1-1 and W/p - 1-3
 Workpaper #:

Total Placed in Service: Jun-16 \$1,791,699 Jul-16 \$2,295,813 Aug-16 \$15,225,345 Sep-16 \$2,140,658

x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Jun-16	Jul-16	Aug-16	Sep-16
53		Slippage for RPs										
54	R12-**01	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	0	0	0	0	0
55		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	0	0	0	0	0
56		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	0	0	0	0	0
57												
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	109,461	50,023	29,425	29,425	29,425
59												
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply	10130410	304.2	Y	2	44,726	80,507	104,047	101,222	101,222
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes	10130600	306.1	Y	2	16,772	30,190	39,018	37,958	37,958
62		Process Plant Facilities and Equipment	311000-Pumping Equipment	10130600	306.1	Y	2	27,954	50,317	65,029	63,264	63,264
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	11,182	20,127	26,012	25,306	25,306
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.1	Y	2	11,182	20,127	26,012	25,306	25,306
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	0	0	0	0	0
66												
67	R12-**S1	Engineering Studies	301000-Organization	10130100	301.1	N	1	0	0	0	0	0
68		Engineering Studies	303200-Land & Land Rights-Supply	10130320	303.2	Y	6	0	0	0	0	0
69		Engineering Studies	339100-Other P/E-Intangible	10133910	339.1	Y	6	5,002	5,002	5,002	5,002	5,002
70		Engineering Studies	339600-Other P/E-Cps	10133960	339.6	Y	6	883	883	883	883	883
71												
72	R12-01K3/T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia	10134010	340.5	N	1	129,568	129,189	155,029	165,631	165,631
73												
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130430	304.3	Y	5/30/2016			5,836,383		
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply	10130430	304.3	Y	5/30/2016			6,709,934		
76												
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes	10133000	330.4	N	6/30/2016			412,200		
78												
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains	10133100	331.4	N	8/31/2016					
80		New Circle Rd Main Relocation	333000-Services	10133300	333.4	N	8/31/2016					
81		New Circle Rd Main Relocation	335000-Hydrants	10133500	335.4	N	8/31/2016					
82												
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains	10133100	331.4	Y	12/31/2016					
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services	10133300	333.4	Y	12/31/2016					
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants	10133500	335.4	Y	12/31/2016					
86												
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains	10133100	331.4	Y	12/31/2016					
88		Athens Boonesboro Main Extension	333000-Services	10133300	333.4	Y	12/31/2016					
89		Athens Boonesboro Main Extension	335000-Hydrants	10133500	335.4	Y	12/31/2016					
90												
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains	10133100	331.4	Y		0	0	0	0	0
92		Post Acquisition BD Capex	335000-Hydrants	10133500	335.4	Y		0	0	0	0	0
93												
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment	10131120	311.2	Y	9/30/2017	68,700	68,700	91,600	91,600	91,600
95												
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains	10133100	331.4	Y	7/30/2018					
97		Georgetown Bypass and US 25 Area	335000-Hydrants	10133500	335.4	Y	7/30/2018					
98												
99	I12-020037	KRS1 Chemical Storage and Feed Improvements	331001-T&D Mains	10133100	331.4	Y	12/31/2018	0	0	0	0	0
100		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants	10133500	335.4	Y	12/31/2018					
101												
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015					
103												
104	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	0	0	0	0	0

Kentucky American Water Company

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Per In-Service Date or Assumed Months in Construction Phase

W/P - 1-1 and W/P - 1-3

Workpaper #:

x Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Total Placed in Service:			
								Jun-16	Jul-16	Aug-16	Sep-16
105								\$1,791,699	\$2,295,813	\$15,225,345	\$2,140,658
106	112-020056	KRS Valve House Rehabilitation (Phase 1,B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	0	0	0	0
107		KRS Valve House Rehabilitation (Phase 1,B)	333000-Services	10133300	333.4	Y	3/31/2016	0	0	0	0
108		KRS Valve House Rehabilitation (Phase 1,B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	0	0	0	0
109											
110	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	0	0	0	0
111											
112	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	143,469	184,625	121,625	31,500
113		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	16,396	21,100	13,900	3,600
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	4,099	5,275	3,475	900
115											
116	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	0	0	0	0
117											
118	112-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	0	0	0	0
119											
120	112-020057	Sludge Thickner Upgrade	399100-Other P/E-Intangible	10139910	399.1	Y					
121											
122	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y					

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Total Placed in Service: Oct-16 \$5,303,948 Nov-16 \$1,940,460 Dec-16 \$1,637,814 Jan-17 \$1,292,239

x Line #	FP#	Project Description	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Oct-16	Nov-16	Dec-16	Jan-17
1	D12-**01-P	Projects Funded by Others	Plant Account	10133100	331.4	N	2	291,308	264,825	217,157	158,895
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	32,368	29,425	24,129	17,655
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-
5		Projects Funded by Others	334100-Meters	10133500	335.4	N	2	-	-	-	-
6											
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	235,400	176,550	89,275	70,620
8		Mains - New	301000-Organization	10130100	301.0	N	2	-	-	-	-
9											
10	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	442,552	376,640	282,480	188,320
11		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	44,255	37,664	28,248	18,832
12		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	33,191	28,248	21,186	14,124
13		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	33,191	28,248	21,186	14,124
14											
15	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	37,958	43,843	43,549	20,303
16											
17	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	42,372	31,779	21,186	10,593
18		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	4,708	3,531	2,354	1,177
19											
20	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	10,664	7,062	3,531	1,766
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	7,109	4,708	2,354	1,177
22											
23	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	25,423	17,655	9,357	21,186
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	16,949	11,770	6,238	14,124
25											
26	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	62,970	50,611	51,553	41,195
27											
28	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	61,793	35,310	20,598	23,540
29		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	0	0	0	0
30											
31	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	61,204	43,549	24,976	11,770
32											
33	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	42,372	42,372	24,717	6,474
34		Meters - Replaced	339200-Other P/E-Supply	101339100	339.1	N	1	0	0	0	0
35											
36	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	N	1	0	0	0	0
37			340300-Computer Software	10134010	340.5	N	1	0	0	0	0
38			347000-Misc Equipment	10134700	347.5	N	1	0	0	0	0
39											
40	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	N	1	41,195	41,195	29,425	5,885
41			340200-Comp & Periph Equip	10134020	340.5	N	1	0	0	0	0
42			340300-Computer Software	10134010	340.5	N	1	0	0	0	0
43											
44											
45	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	23,540	11,770	11,770	2,354
46											
47	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	0	0	0	0
48		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
49		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
50		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
51		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
52		Offices and Operations Centers	0	0	0	N	1	0	0	0	0

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W/P - 1-1 and W/P - 1-3

Workpaper #:

Slippage for RPs
Slippage for IPs

Total Placed In Service: Oct-16 \$5,303,948 Nov-16 \$1,940,460 Dec-16 \$1,637,814 Jan-17 \$1,292,239

x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Oct-16	Nov-16	Dec-16	Jan-17
53												
54	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks		10134100	341.5	N	1	0	0	0	0
55		Vehicles	341200-Trans Equip Hwy Duty Trks		10134100	341.5	N	1	0	0	0	0
56		Vehicles	341300-Trans Equip Auto Car		10134100	341.5	N	1	0	0	0	0
57												
58	R12-**P1	Tools and Equipment	343000-Tools, Shop, Garage Equip		10134300	343.5	N	1	16,478	8,828	4,779	2,354
59												
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply		10130410	304.2	Y	2	94,160	94,160	94,160	94,160
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes		10130600	306.1	Y	2	35,310	35,310	35,310	35,310
62		Process Plant Facilities and Equipment	311000-Pumping Equipment		10130600	306.1	Y	2	58,850	58,850	58,850	58,850
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media		10132010	320.3	Y	2	23,540	23,540	23,540	23,540
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks		10133000	330.1	Y	2	23,540	23,540	23,540	23,540
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment		10134400	344.5	Y	2	0	0	0	0
66												
67	R12-**S1	Engineering Studies	301000-Organization		10130100	301.1	N	1	0	0	0	0
68		Engineering Studies	303200-Land & Land Rights-Supply		10130320	303.2	Y	6	0	0	0	0
69		Engineering Studies	339100-Other P/E-Intangible		10133910	339.1	Y	6	5,002	3,001	3,001	3,502
70		Engineering Studies	339600-Other P/E-Cps		10133960	339.6	Y	6	883	530	530	618
71												
72	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia		10134010	340.5	N	1	139,962	149,466	120,875	90,190
73												
74	I12-020052	RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016				
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016				
76												
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes		10133000	330.4	N	6/30/2016				
78												
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains		10133100	331.4	N	8/31/2016	3,011,094			
80		New Circle Rd Main Relocation	333000-Services		10133300	333.4	N	8/31/2016	84,444			
81		New Circle Rd Main Relocation	335000-Hydrants		10133500	335.4	N	8/31/2016	84,444			
82												
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains		10133100	331.4	Y	12/31/2016				
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services		10133300	333.4	Y	12/31/2016				
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants		10133500	335.4	Y	12/31/2016				
86												
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains		10133100	331.4	Y	12/31/2016				
88		Athens Boonesboro Main Extension	333000-Services		10133300	333.4	Y	12/31/2016				
89		Athens Boonesboro Main Extension	335000-Hydrants		10133500	335.4	Y	12/31/2016				
90												
91	I12-000001	Post-Acquisition BD Capex	331001-T&D Mains		10133100	331.4	Y		0	0	17,862	17,862
92		Post-Acquisition BD Capex	335000-Hydrants		10133500	335.4	Y		0	0	500	500
93												
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment		10131120	311.2	Y	9/30/2017	91,600	137,400	137,400	137,400
95												
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains		10133100	331.4	Y	7/30/2018				
97		Georgetown Bypass and US 25 Area	335000-Hydrants		10133500	335.4	Y	7/30/2018				
98												
99	I12-020037	KRS1 Chemical Storage and Feed Improvements	331001-T&D Mains		10133100	331.4	Y	12/31/2018	45,800	91,600	137,400	114,500
100		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants		10133500	335.4	Y	12/31/2018				
101												
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media		10132010	320.3	Y	5/29/2015				
103												
104	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip		10131000	310.2	Y	12/31/2017	18,320	27,480	45,800	45,800

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Servicing Activity by Month, October 2015 -August 2017
 Per In-Service Date or Assumed Months in Construction Phase
 W/P - 1-1 and W/P - 1-3
 Workpaper #:

Total Placed in Service: Oct-16 \$5,303,948 Nov-16 \$1,940,460 Dec-16 \$1,637,814 Jan-17 \$1,292,239

x Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Oct-16	Nov-16	Dec-16	Jan-17
105											
		Slippage for RPs									
		Slippage for IPs									
106	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	0	0	0	0
107		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	0	0	0	0
108		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	0	0	0	0
109											
110	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	0	0	0	0
111											
112	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	17,500	0	0	0
113		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	2,000	0	0	0
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	500	0	0	0
115											
116	I12-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	0	0	0	0
117											
118	I12-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	0	0	0	0
119											
120	I12-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	10139910	339.1	Y					
121											
122	I12-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y					

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Service Activity by Month, October 2015-August 2017
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 Workpaper #:

		Total Placed in Service:									
		Feb-17	Mar-17	Apr-17	May-17						
		\$3,115,375	\$970,184	\$1,326,789	\$1,643,089						
x Line #	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Feb-17	Mar-17	Apr-17	May-17
1	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	158,895	132,413	158,895	233,046
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	17,655	14,713	17,655	25,894
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-
5		Projects Funded by Others	334100-Meters	10133500	335.4	N	2	-	-	-	-
6		Mains - New	331001-T&D Mains	10133100	331.4	Y	2	35,310	11,770	23,540	23,540
7	R12-01A1	Mains - New	301000-Organization	10130100	301.0	N	2	-	-	-	-
9		Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	118,642	94,160	94,160	188,320
10	R12-01B1	Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	11,864	9,416	9,416	18,832
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	8,898	7,062	7,062	14,124
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	8,898	7,062	7,062	14,124
13		Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	32,073	30,602	30,014	24,129
14	R12-01C1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	10,593	10,593	10,593	21,186
15		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	1,177	1,177	1,177	2,354
16		Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	3,531	7,062	14,124	21,186
17	R12-01D1	Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	2,354	4,708	9,416	14,124
18		Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	28,248	28,248	14,124	14,830
19	R12-01E1	Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	18,832	18,832	9,416	9,887
20		Services and Laterals - New	333000-Services	10133300	333.4	N	1	47,080	55,437	61,486	73,563
21	R12-01F1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	47,080	35,310	35,310	38,253
22		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	0	0	0	0
23	R12-01G1	Meters - New	334100-Meters	10133410	334.4	N	1	11,770	24,717	31,779	31,779
24		Meters - Replaced	334100-Meters	10133410	334.4	N	1	12,947	24,717	82,390	60,027
25	R12-01H1	Meters - Replaced	339200-Other P/E-Supply	101339100	339.1	N	1	0	0	0	0
26		ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	N	1	124,275	0	146,250	0
27	R12-01I1	ITS Equipment and Systems	340300-Computer Software	10134010	340.5	N	1	0	0	0	0
28		SCADA Equipment and Systems	347000-Misc Equipment	10134700	347.5	N	1	0	0	0	0
29	R12-01J1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	N	1	5,885	11,770	23,540	35,310
30		Security Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	N	1	0	0	0	0
31	R12-01K1	Security Equipment and Systems	340300-Computer Software	10134010	340.5	N	1	0	0	0	0
32		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	2,354	2,354	8,271	17,655
33	R12-01L1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	0	0	0	0
34		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
35	R12-01M1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
36		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
37	R12-01N1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
38		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
39	R12-01O1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
40		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
41	R12-01P1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
42		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
43	R12-01Q1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
44		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
45	R12-01R1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
46		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
47	R12-01S1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
48		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
49	R12-01T1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
50		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
51	R12-01U1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
52		Offices and Operations Centers	0	0	0	N	1	0	0	0	0

Kentucky American Water Company
 Case No. 2015-00418
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 Per In-Service Date or Assumed Months in Construction Phase
 W/P - 1-1 and W/P - 1-3
 Workpaper #:

Total Placed in Service: Feb-17 \$3,115,375 Mar-17 \$970,184 Apr-17 \$1,326,789 May-17 \$1,643,089

x Line #	FP#	Project Description	Utility	Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Feb-17	Mar-17	Apr-17	May-17
53												
54	R12-01	Vehicles		341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	0	27,189	0	62,146
55		Vehicles		341200-Trans Equip Hwy Duty Trks	10134100	341.5	N	1	0	27,189	0	62,146
56		Vehicles		341300-Trans Equip Auto Car	10134100	341.5	N	1	0	28,013	0	64,029
57												
58	R12-01	Tools and Equipment		343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	5,885	11,770	35,310	29,425
59												
60	R12-01	Process Plant Facilities and Equipment		304100-Struct & Imp-Supply	10130410	304.2	Y	2	38,135	4,708	23,540	32,956
61		Process Plant Facilities and Equipment		306000-Lake, River & Other intakes	10130600	306.1	Y	2	14,301	1,766	8,828	12,359
62		Process Plant Facilities and Equipment		311000-Pumping Equipment	10130600	306.1	Y	2	23,834	2,943	14,713	20,598
63		Process Plant Facilities and Equipment		320100-Wt Equip Non-Media	10132010	320.3	Y	2	9,534	1,177	5,885	8,239
64		Process Plant Facilities and Equipment		330200-Ground Level Tanks	10133000	330.1	Y	2	9,534	1,177	5,885	8,239
65		Process Plant Facilities and Equipment		344000-Laboratory Equipment	10134400	344.5	Y	2	0	0	0	0
66												
67	R12-01	Engineering Studies		301000-Organization	10130100	301.1	N	1	0	0	0	0
68		Engineering Studies		303200-Land & Land Rights-Supply	10130320	303.2	Y	6	0	0	0	0
69		Engineering Studies		339100-Other P/E-Intangible	10133910	339.1	Y	6	3,502	3,502	3,502	5,002
70		Engineering Studies		339600-Other P/E-Cps	10133960	339.6	Y	6	618	618	618	883
71												
72	R12-01	ITS Equipment and Systems - Centrally Sponsored		340315-Comp Software Specia	10134010	340.5	N	1	106,803	144,813	158,029	134,307
73												
74	I12-020032	RRS Filter Building Replacement		304100-Struct & Imp-Supply	10130430	304.3	Y	5/30/2016				
75		RRS Filter Building Replacement		304100-Struct & Imp-Supply	10130430	304.3	Y	5/30/2016				
76												
77	I12-020052	Millersburg Tank Replacement		330100-Elevated Tanks & Standpipes	10133000	330.4	N	6/30/2016				
78												
79	I12-020011	New Circle Rd Main Relocation		331001-T&D Mains	10133100	331.4	N	8/31/2016				
80		New Circle Rd Main Relocation		333000-Services	10133300	333.4	N	8/31/2016				
81		New Circle Rd Main Relocation		335000-Hydrants	10133500	335.4	N	8/31/2016				
82												
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)		331001-T&D Mains	10133100	331.4	Y	12/31/2016	739,670			
84		KRS Valve House Rehabilitation (Phase 2)		333000-Services	10133300	333.4	Y	12/31/2016	87,020			
85		KRS Valve House Rehabilitation (Phase 2)		335000-Hydrants	10133500	335.4	Y	12/31/2016	43,510			
86												
87	I12-020043	Athens Boonesboro Main Extension		331001-T&D Mains	10133100	331.4	Y	12/31/2016	954,641			
88		Athens Boonesboro Main Extension		333000-Services	10133300	333.4	Y	12/31/2016	112,311			
89		Athens Boonesboro Main Extension		335000-Hydrants	10133500	335.4	Y	12/31/2016	56,155			
90												
91	I12-000001	Post Acquisition BD Capex		331001-T&D Mains	10133100	331.4	Y		17,862	0	0	0
92		Post Acquisition BD Capex		335000-Hydrants	10133500	335.4	Y		500	0	0	0
93												
94	I12-020051	KRS High Service Pumps Replacement		311000-Pumping Equipment	10131120	311.2	Y	9/30/2017	91,600	137,400	183,200	183,200
95												
96	I12-020039	Georgetown Bypass and US 25 Area		331001-T&D Mains	10133100	331.4	Y	7/30/2018				
97		Georgetown Bypass and US 25 Area		335000-Hydrants	10133500	335.4	Y	7/30/2018				
98												
99	I12-020037	KRS1 Chemical Storage and Feed Improvements		331001-T&D Mains	10133100	331.4	Y	12/31/2018	45,800	0	0	45,800
100		KRS1 Chemical Storage and Feed Improvements		335000-Hydrants	10133500	335.4	Y	12/31/2018				
101												
102	I12-020017-01	KRS Valve House Rehabilitation Phas		320100-Wt Equip Non-Media	10132010	320.3	Y	5/29/2015				
103												
104	I12-020021	Power Reliability at Remote Sites		310000-Power Generation Equip	10131000	310.2	Y	12/31/2017	45,800	45,800	91,600	91,600

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 Workpaper #:

Total Placed In Service: Feb-17 \$3,115,375 Mar-17 \$970,184 Apr-17 \$1,326,789 May-17 \$1,643,089

x Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Feb-17	Mar-17	Apr-17	May-17
106	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	0	0	0	0
107		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	0	0	0	0
108		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	0	0	0	0
109											
110	I12-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	0	0	0	0
111											
112	I12-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	0	0	0	0
113		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	0	0	0	0
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	0	0	0	0
115											
116	I12-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	0	0	0	0
117											
118	I12-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	0	0	0	0
119											
120	I12-020057	Sludge Thickener Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y					
121											
122	I12-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y					

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 Capital In-Service Activity by Month, October 2015 - August 2017
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 W/P - 1-1 and W/P - 1-3
 Workpaper #:

Total Placed in Service: Jun-17 Jul-17 Aug-17 Sep-17
 \$2,204,223 \$2,857,779 \$2,567,021 \$1,648,050

x Line #	FP#	Project Description	Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Jun-17	Jul-17	Aug-17	Sep-17
1	D12-01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	233,046	243,639	264,825	291,308
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	25,894	27,071	29,425	32,368
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	-	-	-	-
4		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	-	-	-	-
5		Projects Funded by Others	334100-Meters	10133500	335.4	N	2	-	-	-	-
6		Mains - New	331001-T&D Mains	10133100	331.4	Y	2	88,275	117,700	117,700	117,700
7	R12-01-A1	Mains - New	301000-Organization	10130100	301.0	N	2	-	-	-	-
9		Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	282,480	423,720	423,720	400,180
10	R12-01-B1	Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	28,248	42,372	42,372	40,018
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	21,186	31,779	31,779	30,014
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	21,186	31,779	31,779	30,014
13		Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	30,014	30,014	35,899	0
14	R12-01-C1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	42,372	42,372	52,965	52,965
15		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	4,708	4,708	5,885	5,885
16		Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	21,186	19,421	17,655	0
17	R12-01-D1	Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	14,124	12,947	11,770	0
18		Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	16,243	19,774	26,836	0
19	R12-01-E1	Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	10,828	13,182	17,890	0
20		Services and Laterals - New	333000-Services	10133300	333.4	N	1	94,160	94,160	92,395	0
21	R12-01-F1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	52,965	52,965	64,735	0
22		Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	0	0	0	0
23	R12-01-G1	Meters - New	334100-Meters	10133410	334.4	N	1	61,204	49,434	44,726	0
24		Meters - Replaced	334100-Meters	10133410	334.4	N	1	89,452	61,557	60,027	0
25	R12-01-H1	Meters - Replaced	339200-Other P/E-Supply	101339100	339.1	N	1	0	0	0	0
26		ITS Equipment and Systems	340100-Office Furniture & Equip	10134010	340.5	N	1	0	154,711	0	0
27	R12-01-I1	ITS Equipment and Systems	340300-Computer Software	10134010	340.5	N	1	0	0	0	0
28		SCADA Equipment and Systems	347000-Misc Equipment	10134700	347.5	N	1	0	0	0	0
29	R12-01-J1	SCADA Equipment and Systems	346190-Remote Control & Instrument	10134600	346.5	N	1	41,195	41,195	41,195	0
30		Security Equipment and Systems	340200-Comp & Periph Equip	10134020	340.5	N	1	0	0	0	0
31	R12-01-K1	Security Equipment and Systems	340300-Computer Software	10134010	340.5	N	1	0	0	0	0
32		Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	23,540	47,080	47,080	0
33	R12-01-L1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	29,425	58,850	58,850	0
34		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
35	R12-01-M1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
36		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
37	R12-01-N1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
38		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
39	R12-01-O1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
40		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
41	R12-01-P1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
42		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
43	R12-01-Q1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
44		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
45	R12-01-R1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
46		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
47	R12-01-S1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
48		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
49	R12-01-T1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
50		Offices and Operations Centers	0	0	0	N	1	0	0	0	0
51	R12-01-U1	Offices and Operations Centers	0	0	0	N	1	0	0	0	0
52		Offices and Operations Centers	0	0	0	N	1	0	0	0	0

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Servicing Activity by Month, October 2015 -August 2017
 Per In-Service Date or Assumed Months in Construction Phase
 W/P - 1-1 and W/P - 1-3
 Workpaper #:

Total Placed in Service: Jun-17 Jul-17 Aug-17 Sep-17

\$2,204,223 \$2,857,779 \$2,567,021 \$1,648,050

x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or Construction # Months	Jun-17	Jul-17	Aug-17	Sep-17
53		Slippage for RPs										
54	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks		10134100	341.5	N	1	87,392	79,624	0	0
55		Vehicles	341200-Trans Equip Hvy Duty Trks		10134100	341.5	N	1	87,392	79,624	0	0
56		Vehicles	341300-Trans Equip Auto Car		10134100	341.5	N	1	90,041	82,037	0	0
57												
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip		10134300	343.5	N	1	68,266	50,023	32,368	0
59												
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply		10130410	304.2	Y	2	37,664	75,328	75,328	94,160
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes		10130600	306.1	Y	2	14,124	28,248	28,248	35,310
62		Process Plant Facilities and Equipment	311000-Pumping Equipment		10130600	306.1	Y	2	23,540	47,080	47,080	58,850
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media		10132010	320.3	Y	2	9,416	18,832	18,832	23,540
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks		10133000	330.1	Y	2	9,416	18,832	18,832	23,540
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment		10134400	344.5	Y	2	0	0	0	0
66												
67	R12-**S1	Engineering Studies	301000-Organization		10130100	301.1	N	1	0	0	0	0
68		Engineering Studies	303200-Land & Land Rights-Supply		10130320	303.2	Y	6	0	0	0	0
69		Engineering Studies	339100-Other P/E-Intangible		10133910	339.1	Y	6	5,002	5,002	5,002	0
70		Engineering Studies	339600-Other P/E-Cps		10133960	339.6	Y	6	883	883	883	0
71												
72	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia		10134010	340.5	N	1	150,056	138,118	138,521	0
73												
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016				
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016				
76												
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes		10133000	330.4	N	6/30/2016				
78												
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains		10133100	331.4	N	8/31/2016				
80		New Circle Rd Main Relocation	333000-Services		10133300	333.4	N	8/31/2016				
81		New Circle Rd Main Relocation	335000-Hydrants		10133500	335.4	N	8/31/2016				
82												
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains		10133100	331.4	Y	12/31/2016				
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services		10133300	333.4	Y	12/31/2016				
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants		10133500	335.4	Y	12/31/2016				
86												
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains		10133100	331.4	Y	12/31/2016				
88		Athens Boonesboro Main Extension	333000-Services		10133300	333.4	Y	12/31/2016				
89		Athens Boonesboro Main Extension	335000-Hydrants		10133500	335.4	Y	12/31/2016				
90												
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains		10133100	331.4	Y	0	0	0	0	0
92		Post Acquisition BD Capex	335000-Hydrants		10133500	335.4	Y	0	0	0	0	0
93												
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment		10131120	311.2	Y	9/30/2017	183,200	201,520	201,520	
95												
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains		10133100	331.4	Y	7/30/2018				
97		Georgetown Bypass and US 25 Area	335000-Hydrants		10133500	335.4	Y	7/30/2018				
98												
99	I12-020037	KRS1 Chemical Storage and Feed Improvements	331001-T&D Mains		10133100	331.4	Y	12/31/2018	91,600	137,400	274,800	320,600
100		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants		10133500	335.4	Y	12/31/2018				
101												
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media		10132010	320.3	Y	5/29/2015				
103												
104	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip		10131000	310.2	Y	12/31/2017	91,600	91,600	91,600	91,600

Kentucky American Water Company
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Total Placed in Service:

x Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Jun-17	Jul-17	Aug-17	Sep-17
105								\$2,204,223	\$2,857,779	\$2,567,021	\$1,648,050
106	112-020056	KRS Valve House Rehabilitation (Phase 1.B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	0	0	0	0
107		KRS Valve House Rehabilitation (Phase 1.B)	333000-Services	10133300	333.4	Y	3/31/2016	0	0	0	0
108		KRS Valve House Rehabilitation (Phase 1.B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	0	0	0	0
109											
110	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	22,900	183,200	114,500	0
111											
112	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	0	0	0	0
113		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	0	0	0	0
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	0	0	0	0
115											
116	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	0	0	0	0
117											
118	112-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	0	0	0	0
119											
120	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y					
121											
122	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y					

Kentucky American Water Company
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 Workpaper #:

Total Placed in Service: \$4,516,103

Oct-17

X Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Oct-17
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains		10133100	331.4	N	2	291,308
2		Projects Funded by Others	335000-Hydrants		10133500	335.4	N	2	32,368
3		Projects Funded by Others	333000-Services		10133300	333.4	N	2	-
4		Projects Funded by Others	334200-Meter Installations		10133420	334.4	N	2	-
5		Projects Funded by Others	334100-Meters		10133500	335.4	N	2	-
6									
7	R12-**A1	Mains - New	331001-T&D Mains		10133100	331.4	Y	2	117,700
8		Mains - New	301000-Organization		10130100	301.0	N	2	-
9									
10	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains		10133100	331.4	Y	2	442,552
11		Mains - Replaced / Restored	333000-Services		10133300	333.4	Y	2	44,255
12		Mains - Replaced / Restored	334100-Meters		10133410	334.4	Y	2	33,191
13		Mains - Replaced / Restored	335000-Hydrants		10133500	335.4	Y	2	33,191
14									
15	R12-**C1	Mains - Unscheduled	331001-T&D Mains		10133100	331.4	N	1	239,644
16									
17	R12-**D1	Mains - Relocated	331001-T&D Mains		10133100	331.4	Y	2	52,965
18		Mains - Relocated	335000-Hydrants		10133500	335.4	Y	2	5,885
19									
20	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants		10133500	335.4	N	1	117,558
21		Hydrants, Valves, and Manholes - New	331001-T&D Mains		10133100	331.4	N	1	78,372
22									
23	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants		10133500	335.4	N	1	194,137
24		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains		10133100	331.4	N	1	129,425
25									
26	R12-**G1	Services and Laterals - New	333000-Services		10133300	333.4	N	1	289,944
27									
28	R12-**H1	Services and Laterals - Replaced	333000-Services		10133300	333.4	N	1	291,734
29		Services and Laterals - Replaced	333000-Services		10133300	333.4	N	1	0
30									
31	R12-**I1	Meters - New	334100-Meters		10133410	334.4	N	1	163,028
32									
33	R12-**J1	Meters - Replaced	334100-Meters		10133410	334.4	N	1	234,815
34		Meters - Replaced	339200-Other P/E-Supply		101339100	339.1	N	1	0
35									
36	R12-**K1	ITS Equipment and Systems	340100-Office Furniture & Equip		10134010	340.5	N	1	40,537
37			340300-Computer Software		10134010	340.5	N	1	0
38			347000-Misc Equipment		10134700	347.5	N	1	0
39									
40	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrument		10134600	346.5	N	1	73,647
41			340200-Comp & Periph Equip		10134020	340.5	N	1	0
42			340300-Computer Software		10134010	340.5	N	1	0
43									
44									
45	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General		10130450	304.5	N	1	130,620
46									
47	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General		10130450	304.5	N	1	0
48		Offices and Operations Centers	0						
49		Offices and Operations Centers	0						
50		Offices and Operations Centers	0						
51		Offices and Operations Centers	0						
52		Offices and Operations Centers	0						

Kentucky American Water Company
 Case No. 2015-00418
 Capital In-Service Activity by Month, October 2015 - August 2017
 Per In-Service Date or Assumed Months in Construction Phase
 W/P - 1-1 and W/P - 1-3
 Workpaper #:

Total Placed in Service: \$4,516,103
 Oct-17

x Line #	FP#	Project Description	Plant Account	Utility	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Oct-17
53		Slippage for RPs							
54	R12-**01	Vehicles	341100-Trans Equip Lt Duty Trks		10134100	341.5	N	1	59,520
55		Vehicles	341200-Trans Equip Hwy Duty Trks		10134100	341.5	N	1	59,520
56		Vehicles	341300-Trans Equip Auto Car		10134100	341.5	N	1	61,324
57									
58	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip		10134300	343.5	N	1	43,200
59									
60	R12-**Q1	Process Plant Facilities and Equipment	304100-Struct & Imp-Supply		10130410	304.2	Y	2	75,328
61		Process Plant Facilities and Equipment	306000-Lake, River & Other Intakes		10130600	306.1	Y	2	28,248
62		Process Plant Facilities and Equipment	311000-Pumping Equipment		10130600	306.1	Y	2	47,080
63		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media		10132010	320.3	Y	2	18,832
64		Process Plant Facilities and Equipment	330200-Ground Level Tanks		10133000	330.1	Y	2	18,832
65		Process Plant Facilities and Equipment	344000-Laboratory Equipment		10134400	344.5	Y	2	0
66									
67	R12-**S1	Engineering Studies	301000-Organization		10130100	301.1	N	1	0
68		Engineering Studies	303200-Land & Land Rights-Supply		10130320	303.2	Y	6	0
69		Engineering Studies	339100-Other P/E-Intangible		10133910	339.1	Y	6	220,904
70		Engineering Studies	339600-Other P/E-Cps		10133960	339.6	Y	6	38,983
71									
72	R12-01K3/ T12-0102-P-0291	ITS Equipment and Systems - Centrally Sponsored	340315-Comp Software Specia		10134010	340.5	N	1	441,057
73									
74	I12-020032	RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016	
75		RRS Filter Building Replacement	304100-Struct & Imp-Supply		10130430	304.3	Y	5/30/2016	
76									
77	I12-020052	Millersburg Tank Replacement	330100-Elevated Tanks & Standpipes		10133000	330.4	N	6/30/2016	
78									
79	I12-020011	New Circle Rd Main Relocation	331001-T&D Mains		10133100	331.4	N	8/31/2016	
80		New Circle Rd Main Relocation	333000-Services		10133300	333.4	N	8/31/2016	
81		New Circle Rd Main Relocation	335000-Hydrants		10133500	335.4	N	8/31/2016	
82									
83	I12-020040	KRS Valve House Rehabilitation (Phase 2)	331001-T&D Mains		10133100	331.4	Y	12/31/2016	
84		KRS Valve House Rehabilitation (Phase 2)	333000-Services		10133300	333.4	Y	12/31/2016	
85		KRS Valve House Rehabilitation (Phase 2)	335000-Hydrants		10133500	335.4	Y	12/31/2016	
86									
87	I12-020043	Athens Boonesboro Main Extension	331001-T&D Mains		10133100	331.4	Y	12/31/2016	
88		Athens Boonesboro Main Extension	333000-Services		10133300	333.4	Y	12/31/2016	
89		Athens Boonesboro Main Extension	335000-Hydrants		10133500	335.4	Y	12/31/2016	
90									
91	I12-000001	Post Acquisition BD Capex	331001-T&D Mains		10133100	331.4	Y		0
92		Post Acquisition BD Capex	335000-Hydrants		10133500	335.4	Y		0
93									
94	I12-020051	KRS High Service Pumps Replacement	311000-Pumping Equipment		10131120	311.2	Y	9/30/2017	
95									
96	I12-020039	Georgetown Bypass and US 25 Area	331001-T&D Mains		10133100	331.4	Y	7/30/2018	
97		Georgetown Bypass and US 25 Area	335000-Hydrants		10133500	335.4	Y	7/30/2018	
98									
99	I12-020037	KRS1 Chemical Storage and Feed Improvements	331001-T&D Mains		10133100	331.4	Y	12/31/2018	274,800
100		KRS1 Chemical Storage and Feed Improvements	335000-Hydrants		10133500	335.4	Y	12/31/2018	
101									
102	I12-020017-01	KRS Valve House Rehabilitation Phas	320100-Wt Equip Non-Media		10132010	320.3	Y	5/29/2015	
103									
104	I12-020021	Power Reliability at Remote Sites	310000-Power Generation Equip		10131000	310.2	Y	12/31/2017	91,600

Kentucky American Water Company

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Capital In-Servicing Activity by Month, October 2015 -August 2017

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W/P - 1-1 and W/P - 1-3

Worksheet #:

Oct-17

Total Placed in Service: \$4,516,103

x Line #	FP#	Project Description	Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Oct-17
105								
106	112-020056	KRS Valve House Rehabilitation (Phase 1,B)	331001-T&D Mains	10133100	331.4	Y	3/31/2016	0
107		KRS Valve House Rehabilitation (Phase 1,B)	333000-Services	10133300	333.4	Y	3/31/2016	0
108		KRS Valve House Rehabilitation (Phase 1,B)	335000-Hydrants	10133500	335.4	Y	3/31/2016	0
109								
110	112-020050	Paving Field Ops and Front Entrance	304500-Struct & Imp-General	10130450	304.5	Y	6/30/2017	0
111								
112	112-020055	New Circle Rd Main Relocation Phase 2	331001-T&D Mains	10133100	331.4	Y	8/31/2016	0
113		New Circle Rd Main Relocation Phase 2	333000-Services	10133300	333.4	Y	8/31/2016	0
114		New Circle Rd Main Relocation Phase 2	335000-Hydrants	10133500	335.4	Y	8/31/2016	0
115								
116	112-020012-01	KRS High Service Pumping	311000-Pumping Equipment	10131120	311.2	Y	12/31/2015	0
117								
118	112-020046-01	KRS Actuator Replacement Level 1	320100-Wt Equip Non-Media	10132010	320.3	Y	1/30/2015	0
119								
120	112-020057	Sludge Thickner Upgrade	339100-Other P/E-Intangible	10133910	339.1	Y		
121								
122	112-020058	KRS Intake Pump Replacement	311000-Pumping Equipment	10131120	311.2	Y		

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Scott Rungren**

- 38.** Refer to KAWC's Application, Exhibit 37, Schedule J-4, page 7; and Case No. 2012-00520, Application, Schedule 7-3, page 7.¹
- a. In Case No. 2012-00520, KAWC projected it would issue bonds in the principal amount of \$8,000,000 with an interest rate of 5.2 percent per annum. KAWC actually issued \$7,859,000 of bonds on May 15, 2013, at an interest rate of 4 percent per annum. Provide a detailed explanation for the differences between the projections in Case No. 2012-00520 for the May 15, 2013 debt issuance and the actual issuance.
 - b. KAWC projected that it would issue \$9,000,000 of bonds in 2013 and 2014 in three issuances of \$3,000,000 each. Explain why KAWC did not issue the long-term debts that it included in the forecasted period.

Response:

- a. KAWC's financing application asked for approval to issue \$8 million, which was planned for November 2012. The AWCC financing that year was delayed to December 2012 and by that time KAWC's short-term debt balance was just under \$3 million. Thus, the Company was not able to take on a long-term debt obligation of \$8 million. However, the opportunity to obtain \$7.859 million through AWCC at the favorable rate of 4 percent arose in May 2013, by which time KAWC's short-term debt balance had risen to an adequate level to support the conversion of \$7.859 million to permanent long-term debt financing.
- b. The Company made the decision to carry short-term debt longer than originally planned to take advantage of low short-term debt interest rates.

¹ Case No. 2012-00520, *Kentucky-American Water Company* (Ky. PSC filed Dec. 28, 2012), Application.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Scott Rungren

- 39.** Describe the process KAWC uses to project the debt issuance cost for the projected long-term debt.

Response:

The proposed 4.70% interest rate for KAWC's planned June 2016 long-term debt issuance was determined by adding an estimated corporate credit spread of 1.45% to the projected 30-year U.S. Treasury yield of 3.25% from the forward curve assuming a mid-year 2016 issuance. The derivation of the 1.45% spread was explained in KAWC's response to Part d or the response to Item 42 of this same request. The source for the 30-year U.S. Treasury yield forward curve was Bloomberg online. A screen shot showing the 3.25% projection from Bloomberg is shown below.

Screen Printed

US Treasury Actives Curve Export Graph Forward Curve Analysis

Curve Date 08/27/2015 Market Mid Back Test 08/27/2015 Curve List

7) Horizon Curve 8) Implied Forwards

From 28-Aug-2015 Up to 5 Yr Interval 1 Yr Tenor 30 Yr

US Treasury Actives Curve		
Date	Spot	Projection
08/28/2015		3.1517
08/28/2016	0.3417	3.2460
08/28/2017	0.6807	3.3175
08/28/2018	0.9989	3.3682
08/28/2019	1.2507	3.4065
08/28/2020	1.5054	3.4274

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2015 Bloomberg Finance L.P.
SN 316971 6576-749-0 27-Aug-15 7:56:15 EDT GMT-4:00

Issuance costs are assumed to be one percent of the face amount issued. Actual issuance costs incurred by American Water Capital Corp. (AWCC) in recent issuances have been in the range of 1.02% to 1.05%, excluding bond discount. Thus, for projected long-term debt issuances the Company has assumed an issuance cost of one percent and that the bonds will be issued at face value (i.e., no discount or premium).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Scott Rungren**

- 40.** For each long-term debt instrument that KAWC has issued between 2007 and 2013, provide a schedule listing:
- a. Projected and actual issuance dates;
 - b. Projected and actual interest rates;
 - c. Projected and actual debt issuance costs; and
 - d. Projected and actual principal amounts.

Response:

- a-d. Please refer to the attachment.

Kentucky American Water Company
Long-Term Debt
Actual and Projected Comparison
KAW_R_PSCDR2_NUM40

	(a) Issuance Date	(b) Interest Rate	(c) Issuance Cost	(d) Principal
Series 6.593% Note				
Projected *	10/01/07	5.810%	\$2,500,000	\$50,000,000
Actual	10/22/07	6.593%	\$497,654	\$47,000,000
Series 6.25% Note				
Projected **	05/15/09	7.394%	\$1,365,000	\$45,500,000
Actual	06/23/09	6.250%	\$610,394	\$45,390,000
Series 5.625% Note				
Projected **	11/15/09	7.394%	\$780,000	\$26,000,000
Actual	09/10/09	5.625%	\$389,882	\$26,000,000
Series 5.375% Note				
Projected ***	06/01/10	5.625%	\$260,000	\$26,000,000
Actual	06/24/10	5.375%	\$325,239	\$26,000,000
Series 5.05% Note				
Projected	11/01/10	6.663%	\$250,000	\$25,000,000
Actual	11/21/11	5.050%	\$0	\$20,000,000
Series 4.00% Note				
Projected	11/15/12	5.200%	\$240,000	\$8,000,000
Actual	05/15/13	4.000%	\$0	\$7,859,000

* Projections taken from 2007 rate case filing.

** Projection for principal amount taken from PSC Order from Financing Case No. 2009-00156.
The projected interest rate assumed a taxable issuance, but it was issued as tax-exempt,
which is why the rate was lower than projected.

*** The projected interest rate assumed a taxable issuance, but it was issued as tax-exempt,
which is why the rate was lower than projected.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Scott W. Rungren**

- 41.** a. For each American Water operating subsidiary, regulated or non-regulated, calculate the “Annualized Long-term Debt Cost Rate” as of December 31, 2015.
- b. For each response to 41.a., provide a schedule similar to Exhibit 37, Schedule J-4 at 7, “Embedded Cost of Long-Term Debt as of August 31, 2017” to support the calculation.
- c. Provide the information requested in Items 41.a. and 41.b. for American Capital Corporation.

Response:

a.

	Long-Term Debt Cost at 12/31/15
American Water Subsidiary	
Kentucky-American Water	6.090%
Indiana-American Water	5.510%
Iowa-American Water	6.860%
California-American Water	5.390%
Missouri-American Water	5.430%
New Jersey-American Water	5.290%
Pennsylvania-American Water	5.670%
Illinois-American Water	5.440%
Tennessee-American Water	5.160%
Virginia-American Water	5.310%
West Virginia-American Water	5.840%
Hawaii-American Water	6.600%
New York-American Water	4.520%
Maryland-American Water	7.070%
Michigan-American Water	5.360%

- b. Please refer to the attachment.
- c. Please refer to the attachment. The cost of long-term debt for American Water Capital Corp. at December 31, 2015 was 5.33%.

Kentucky American Water Company
 Cost of Long-Term Debt at 12/31/15
 American Water Subsidiaries
 KAW_R_PSCDR1_NUM41

Kentucky-American Water

Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Annual Amort. of Discount or (Premium)	Unamortized Discount or (Premium)	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
General Mortgage Bonds:														
Series 6.96% GMB	12/01/93	12/01/23	\$7,000,000	6.960%	7.006%	N/A	\$490,420	\$7,000,000	\$3,226	\$0	\$0	\$20,169	\$0	\$6,979,831
Series 7.15% GMB	02/01/97	02/01/27	7,500,000	7.150%	7.182%	N/A	\$538,650	7,500,000	2,428	0	0	22,870	0	7,477,130
Series 6.99% GMB	06/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	\$632,340	9,000,000	3,261	0	0	35,061	0	8,964,939
AWCC Notes														
Series 6.593% Note	10/22/2007	10/15/2037	47,000,000	6.593%	6.628%	N/A	\$3,115,160	47,000,000	16,599	0	0	334,060	0	46,665,940
Series 6.25% Note	6/23/2009	6/1/2039	45,390,000	6.250%	6.295%	N/A	\$2,857,301	45,390,000	20,386	0	0	443,449	0	44,946,551
Series 5.625% Note	09/10/09	09/01/39	26,000,000	5.625%	5.675%	N/A	\$1,475,500	26,000,000	13,005	0	0	286,157	0	25,713,843
Series 5.375% Note	06/24/10	06/01/40	26,000,000	5.375%	5.417%	N/A	\$1,408,420	26,000,000	10,863	0	0	247,172	0	25,752,828
Series 5.05% Note	11/21/11	10/15/37	20,000,000	5.050%	5.050%	N/A	\$1,010,000	20,000,000	0	0	0	0	0	20,000,000
Series 4.00% Note	05/15/13	10/15/37	7,859,000	4.000%	4.000%	N/A	\$314,360	7,859,000	0	0	0	0	0	7,859,000
Total Long-Term Debt and Annualized Cost			\$195,749,000				\$11,842,151	\$195,749,000	\$69,768	\$0	\$0	\$1,388,937	\$0	\$194,360,063
Annualized Cost Rate			6.090%											

Indiana-American Water

Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Annual Amort. of Discount or (Premium)	Unamortized Discount or (Premium)	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
AWCC Note	12/06/13	01/01/24	\$6,107,981	2.300%	2.300%	N/A	\$140,484	\$6,702,401	\$0			\$0	\$0	\$6,107,981
AWCC Note	12/06/13	01/01/21	149,000	2.900%	2.900%	N/A	\$4,321	171,000	0			0	0	149,000
AWCC Note	12/06/13	01/01/21	375,000	2.900%	2.900%	N/A	\$10,875	432,000	0			0	0	375,000
AWCC Note	12/6/2013	1/1/2030	767,736	2.310%	2.310%	N/A	\$17,735	816,770	0			0	0	767,736
AWCC Note	4/28/2014	1/1/2031	1,598,000	1.790%	1.790%	N/A	\$28,604	1,683,000	0			0	0	1,563,905
External	05/10/94	05/01/24	10,500,000	7.110%	7.149%	N/A	\$750,645	10,500,000	4,090			34,095	0	10,500,000
External	05/10/94	05/01/24	5,000,000	7.110%	7.110%	N/A	\$355,500	5,000,000	0			0	0	4,979,717
External	07/01/97	07/01/27	7,000,000	7.800%	7.825%	N/A	\$547,750	7,000,000	1,763			20,283	0	7,000,000
External	07/01/97	07/01/27	3,000,000	7.800%	7.800%	N/A	\$234,000	3,000,000	0			0	0	2,947,658
External	07/08/98	07/01/28	19,000,000	6.845%	6.867%	N/A	\$1,304,730	19,000,000	4,186			52,342	0	18,931,850
External	01/01/94	01/01/24	9,000,000	6.990%	7.085%	N/A	\$637,650	\$9,000,000	\$8,516			68,150	0	8,532,076
External	10/21/06	10/01/36	25,770,000	4.875%	4.962%	N/A	\$1,278,707	25,770,000	22,548			467,924	0	25,747,843
AWCC Note	07/25/07	12/21/21	16,000,000	5.770%	5.793%	N/A	\$926,880	16,000,000	3,708			22,157	0	15,975,472
AWCC Note	5/15/2008	5/15/2018	27,000,000	6.250%	6.288%	N/A	\$1,697,760	27,000,000	10,328			24,528	0	26,988,438
AWCC Note	5/19/2009	5/19/2039	15,500,000	8.270%	8.273%	N/A	\$1,282,315	15,500,000	494			11,562	0	15,500,000
AWCC Note	05/19/11	10/15/37	27,000,000	5.900%	5.900%	N/A	\$1,593,000	27,000,000	0			0	0	26,757,702
AWCC Note	10/22/07	10/15/37	33,000,000	6.593%	6.627%	N/A	\$2,186,910	33,000,000	11,119			242,298	0	32,546,736
AWCC Note	12/17/12	12/01/42	49,460,000	4.300%	4.340%	N/A	\$2,146,564	49,460,000	16,838	3,001	80,556.41	453,264	0	49,128,812
AWCC Note	02/24/15	12/01/42	25,000,000	3.900%	3.937%	N/A	\$984,250	25,000,000	9,310			250,632	0	24,244,059
AWCC Note	08/13/15	09/01/45	73,000,000	4.300%	4.379%	N/A	\$3,196,670	73,000,000	25,479	31,969	948,513.87	755,941	0	72,051,486
Total Long-Term Debt and Annualized Cost			\$354,227,717				\$19,325,350	\$355,035,171	\$118,379	\$34,970	\$1,029,070	\$2,403,175	\$0	\$350,795,471
Annualized Cost Rate			5.510%											

New Jersey-American Water

Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Annual Amort. of Discount or (Premium)	Unamortized Discount or (Premium)	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
External	08/01/11	08/01/21	\$5,780,000	5.000%	5.000%	N/A	\$289,000	\$10,820,000	\$0			\$536,151	\$0	\$5,243,849
External	08/01/07	08/01/19	75,940	4.500%	4.500%	N/A	3,417	195,000	0			0	0	75,940
External	08/01/07	08/01/21	1	4.750%	4.750%	N/A	0	215,000	0			0	0	1
External	08/01/07	08/01/22	1	5.000%	5.000%	N/A	0	115,000	0			0	0	1
External	08/01/07	08/01/18	48,117	5.000%	5.000%	N/A	2,406	60,000	0			0	0	48,117
External	08/01/07	08/01/24	1	5.500%	5.500%	N/A	0	215,000	0			75,118	0	(75,117)
External	10/07/10	08/01/30	391,434	0.000%	0.000%	N/A	0	729,290	0			0	0	391,434
External	12/01/10	08/01/30	4,887,518	0.000%	-0.063%	N/A	(3,079)	6,687,107	0	(3,056)	(26,464)	0	0	4,913,982
External	07/01/12	04/01/26	849,482	12.230%	12.230%	N/A	103,892	945,750	0			0	0	849,482
External	05/21/14	08/01/33	1,280,000	4.000%	4.000%	N/A	51,200	1,775,000	0			0	0	1,280,000
AWCC	10/12/07	10/15/37	130,000,000	6.593%	6.646%	N/A	8,639,800	130,000,000	69,313			1,510,445	0	128,489,555
External	05/03/12	08/01/31	37,537,702	0.000%	-0.299%	N/A	(112,238)	46,140,092	0	(112,258)	(1,749,358)	0	0	39,287,060
External	04/03/12	08/01/16	650,000	3.000%	3.000%	N/A	19,500	1,900,000	0			0	0	650,000
External	04/03/12	08/01/31	4,895,000	4.000%	4.000%	N/A	195,800	4,895,000	0			0	0	4,895,000
External	04/03/12	08/01/30	9,280,000	5.000%	5.000%	N/A	464,000	9,280,000	0			0	0	9,280,000
External	05/03/12	08/01/30	3,324,113	0.000%	-0.283%	N/A	(9,407)	4,526,014	0	(9,395)	(146,410)	0	0	3,470,523
External	04/03/12	08/01/16	55,000	3.000%	3.000%	N/A	1,650	160,000	0			0	0	55,000
External	04/03/12	08/01/31	415,000	4.000%	4.000%	N/A	16,600	415,000	0			0	0	415,000
External	04/03/12	08/01/30	775,000	5.000%	5.000%	N/A	38,750	775,000	0			0	0	775,000
AWCC	06/11/12	10/15/37	44,704,000	4.925%	4.925%	N/A	2,201,672	44,704,000	0			0	0	44,704,000
AWCC	06/11/12	10/15/37	40,000,000	4.925%	4.925%	N/A	1,970,000	40,000,000	0			0	0	40,000,000
External	05/01/90	05/01/20	1,500,000	9.250%	9.275%	N/A	139,125	1,500,000	371			1,610	0	1,498,390
External	05/01/90	05/01/20	500,000	9.250%	9.250%	N/A	46,250	500,000	0			0	0	500,000
External	02/01/94	02/01/24	16,000,000	7.170%	7.342%	N/A	1,174,720	16,000,000	27,527			222,589	0	15,777,411
External	02/01/94	02/01/24	5,000,000	7.170%	7.170%	N/A	358,500	5,000,000	0			0	0	5,000,000
External	02/01/94	02/01/24	15,000,000	7.170%	7.170%	N/A	1,075,500	15,000,000	0			0	0	15,000,000
External	02/01/12	08/01/19	2,579,837	0.000%	-1.246%	N/A	(32,145)	5,610,678	0	(32,151)	(147,361)	0	0	2,727,197
External	08/01/07	08/01/16	85,000	4.250%	4.250%	N/A	3,613	85,000	0			0	0	85,000
External	08/01/07	08/01/17	90,000	4.375%	4.375%	N/A	3,938	90,000	0			0	0	90,000
External	08/01/07	08/01/16	30,000	4.000%	4.000%	N/A	1,200	30,000	0			0	0	30,000
External	03/02/07	03/02/16	10,000	5.300%	5.300%	N/A	530	20,000	0			0	0	10,000
External	03/02/07	03/02/17	15,000	5.380%	5.380%	N/A	807	15,000	0			0	0	15,000
External	03/02/07	03/02/18	15,000	5.400%	5.400%	N/A	810	15,000	0			0	0	15,000
External	03/02/07	03/02/20	30,000	5.500%	5.500%	N/A	1,650	30,000	0			0	0	30,000
External	03/02/12	03/02/20	41,181	0.000%	0.000%	N/A	0	65,060	0			9,483	0	31,698
External	11/01/07	04/01/21	91,925	0.000%	0.000%	N/A	0	143,277	0			0	0	91,925
External	11/01/07	04/01/21	140,000	5.000%	5.000%	N/A	7,000	200,000	0			13,652	0	126,348
External	11/01/07	08/01/25	277,675	0.000%	0.000%	N/A	0	396,331	0			20,560	0	257,115
External	11/01/07	08/01/16	35,000	4.300%	4.300%	N/A	1,505	35,000	0			0	0	35,000
External	11/01/07	08/01/17	40,000	4.400%	4.400%	N/A	1,760	40,000	0			0	0	40,000
External	11/01/07	08/01/21	45,000	4.600%	4.600%	N/A	2,070	45,000	0			0	0	45,000
External	11/01/07	08/01/22	45,000	4.625%	4.625%	N/A	2,081	45,000	0			57,339	0	(12,339)
External	11/01/07	08/01/25	155,000	4.700%	4.700%	N/A	7,285	155,000	0			0	0	155,000
External	08/01/07	08/01/16	10,000	4.000%	4.000%	N/A	400	10,000	0			0	0	10,000
External	08/01/07	08/01/18	20,000	5.000%	5.000%	N/A	1,000	20,000	0			0	0	20,000
External	08/01/07	08/01/24	75,000	5.500%	5.500%	N/A	4,125	75,000	0			0	0	75,000
External	08/01/07	08/01/24	78,001	0.000%	0.000%	N/A	0	113,767	0			6,247	0	71,754
External	05/13/09	05/13/19	11,000,000	5.480%	5.480%	N/A	602,800	11,000,000	0			0	0	11,000,000
External	05/13/09	05/13/19	1,000,000	5.480%	5.480%	N/A	54,800	1,000,000	0			0	0	1,000,000
External	05/13/09	05/13/19	13,000,000	5.480%	5.498%	N/A	714,740	13,000,000	2,315			7,799	0	12,992,201
External	05/13/09	05/13/39	75,000,000	6.350%	6.353%	N/A	4,764,750	75,000,000	2,325			54,326	0	74,945,674
External	10/20/09	10/01/39	10,500,000	5.000%	5.130%	N/A	538,650	10,500,000	13,687			325,109	0	10,174,891
External	10/20/09	10/01/39	134,225,000	5.700%	5.832%	N/A	7,828,002	134,225,000	177,040			4,205,199	0	130,019,801
External	07/09/10	06/01/23	15,300,000	4.450%	4.524%	N/A	692,172	15,300,000	11,302			83,853	0	15,216,147
External	07/09/10	11/01/34	110,000,000	5.600%	5.639%	N/A	6,202,900	110,000,000	43,143			812,649	0	109,187,351
External	07/09/10	06/01/23	24,700,000	5.100%	5.174%	N/A	1,277,978	24,700,000	18,245			135,370	0	24,564,630

External	11/01/10	11/01/29	35,000,000	4.875%	4.918%	N/A	1,721,300	35,000,000	15,102					208,956	0	34,791,044
External	11/01/10	12/01/25	40,000,000	4.700%	4.754%	N/A	1,901,600	40,000,000	21,739					215,642	0	39,784,358
External	12/01/10	08/01/17	135,000	3.000%	3.000%	N/A	4,050	380,000	0					0	0	135,000
External	12/01/10	08/01/26	740,000	4.000%	4.000%	N/A	29,600	740,000	0					0	0	740,000
External	12/01/10	08/01/27	90,000	4.125%	1.586%	N/A	1,427	100,000	0	(2,285)	(26,464)			0	0	116,464
External	12/01/10	08/01/17	210,000	3.000%	3.000%	N/A	6,300	590,000	0					0	0	210,000
External	12/01/10	08/01/26	1,160,000	4.000%	4.000%	N/A	46,400	1,160,000	0					0	0	1,160,000
External	12/01/10	08/01/27	155,000	4.125%	4.125%	N/A	6,394	155,000	0					0	0	155,000
External	12/01/10	08/01/29	330,000	4.250%	4.250%	N/A	14,025	330,000	0					0	0	330,000
External	12/01/10	08/01/30	175,000	4.375%	4.375%	N/A	7,656	175,000	0					0	0	175,000
AWCC	01/31/07	12/21/18	27,500,000	5.620%	6.237%	N/A	1,715,175	27,500,000	169,571					504,473	0	26,995,527
AWCC	01/31/07	12/21/21	65,000,000	5.770%	6.262%	N/A	4,070,300	65,000,000	319,850					1,911,106	0	63,088,894
External	08/01/07	08/01/16	505,000	4.500%	4.500%	N/A	22,725	2,325,000	0					19,321	0	485,679
External	08/01/07	08/01/18	1,085,000	4.625%	4.625%	N/A	50,181	1,085,000	0					0	0	1,085,000
External	08/01/07	08/01/18	781,535	0.000%	0.000%	N/A	0	1,950,877	0					0	0	781,535
AWCC	06/11/12	10/15/17	15,296,000	2.650%	2.650%	N/A	405,344	15,296,000	0					0	0	15,296,000
External	11/01/07	08/01/20	125,000	4.500%	4.500%	N/A	5,625	125,000	0					0	0	125,000
AWCC	12/17/12	12/01/42	55,000,000	4.300%	4.340%	N/A	2,387,000	55,000,000	18,724	3,337	89,473			504,032	0	54,406,495
External	12/19/12	12/19/12	700,000	4.286%	4.286%	N/A	30,002	700,000	0					0	0	700,000
AWCC	11/20/13	03/01/24	70,000,000	3.850%	3.965%	N/A	2,775,500	70,000,000	53,303	27,168	221,946			435,458	0	69,342,596
External	04/03/14	08/01/32	4,508,204	0.000%	0.000%	N/A	0	5,421,834	0					0	0	4,508,204
External	05/21/14	08/01/33	1,085,000	5.000%	3.596%	N/A	39,017	1,085,000	0	(15,234)	(267,870)			0	0	1,352,870
External	05/21/14	08/01/33	260,000	3.000%	3.000%	N/A	7,800	260,000	0					0	0	260,000
External	05/21/14	08/01/33	550,000	3.250%	3.250%	N/A	17,875	550,000	0					0	0	550,000
External	05/21/14	08/01/33	885,000	3.500%	3.500%	N/A	30,975	885,000	0					0	0	885,000
AWCC	08/14/14	03/01/25	43,000,000	3.400%	3.491%	N/A	1,501,130	43,000,000	33,800	5,422	49,719			309,926	0	42,640,354
AWCC	11/01/02	03/31/22			0.000%	N/A	153,332	0	153,332					957,972	0	(957,972)
AWCC	08/01/11	08/01/21			0.000%	N/A	106,601	0	106,601					657,636	0	(657,636)
AWCC	04/30/04	11/01/32			0.000%	N/A	27,176	0	27,176					457,459	0	(457,459)
AWCC	10/01/02	08/01/22			0.000%	N/A	27,902	0	27,902					183,691	0	(183,691)
AWCC	10/01/02	08/01/22			0.000%	N/A	10,577	0	10,577					69,630	0	(69,630)
AWCC	10/01/04	08/01/24			0.000%	N/A	5,064	0	5,064					43,476	0	(43,476)
AWCC	11/01/07	03/02/20			0.000%	N/A	2,395	0	2,395					9,991	0	(9,991)
AWCC	11/01/07	04/01/21			0.000%	N/A	4,022	0	4,022					21,124	0	(21,124)
AWCC	11/01/07	08/01/25			0.000%	N/A	2,928	0	2,928					28,065	0	(28,065)
AWCC	11/01/07	08/01/24			0.000%	N/A	1,031	0	1,031					8,848	0	(8,848)
AWCC	10/07/10	08/01/30			0.000%	N/A	2,672	0	2,672					41,430	0	(41,430)
AWCC	12/01/10	08/01/30			0.000%	N/A	6,263	0	6,263					91,346	0	(91,346)
AWCC	05/03/12	08/01/31			0.000%	N/A	40,982	0	40,982					638,347	0	(638,347)
AWCC	05/03/12	08/01/31			0.000%	N/A	3,761	0	3,761					58,615	0	(58,615)
AWCC	05/21/14	08/01/33			0.000%	N/A	9,830	0	9,830					172,874	0	(172,874)
AWCC	12/31/06	08/01/18			0.000%	N/A	49,412	0	49,412					127,739	0	(127,739)
AWCC	12/31/02	03/01/19			0.000%	N/A	4,288	0	4,288					13,579	0	(13,579)
AWCC	12/31/02	06/01/23			0.000%	N/A	31,096	0	31,096					230,627	0	(230,627)
AWCC	12/31/02	06/01/23			0.000%	N/A	31,636	0	31,636					234,632	0	(234,632)
AWCC	12/31/02	11/01/34			0.000%	N/A	58,289	0	58,289					1,097,779	0	(1,097,779)
AWCC	12/31/02	11/01/29			0.000%	N/A	42,155	0	42,155					583,140	0	(583,140)
AWCC	12/31/02	11/01/34			0.000%	N/A	28,254	0	28,254					532,115	0	(532,115)
AWCC	12/31/02	05/01/32			0.000%	N/A	61,981	0	61,981					1,012,362	0	(1,012,362)
AWCC	12/31/02	07/01/38			0.000%	N/A	31,995	0	31,995					719,896	0	(719,896)
AWCC	12/17/12	12/01/42			0.000%	N/A	6,667	0	6,667					179,446	0	(179,446)
AWCC	12/17/12	12/01/42			0.000%	N/A	11,667	0	11,667					314,027	0	(314,027)
AWCC	12/01/95	12/01/25			0.000%	N/A	29,452	0	29,452					292,069	0	(292,069)
External	10/07/10	08/01/27			0.000%	N/A	3,149	0	3,149					36,479	0	(36,479)
AWCC	12/01/13	03/01/24			0.000%	N/A	81,756	0	81,756					667,875	0	(667,875)
External	08/01/11	08/01/21			0.000%	N/A	59,417	0	59,417					331,746	0	(331,746)
AWCC	08/13/15	09/01/45	86,700,000	4.300%	4.379%	N/A	3,796,593	86,700,000	30,260	37,969	1,126,523			897,809	0	84,675,668

\$1,172,557,667	\$60,881,222	\$1,200,030,077	\$1,963,368	(\$100,484)	(\$876,267)	22,898,240	\$0	\$1,150,535,694
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Annualized Cost Rate 5.290%

American Water Capital Corp.

Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Annual Amort. of Discount or (Premium)	Unamortized Discount or (Premium)	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
AWCC	10/22/07	10/15/37	\$750,000,000	6.593%	6.635%	N/A	\$49,762,500	\$750,000,000	\$316,112			\$6,888,598	\$0	\$743,111,402
AWCC	05/19/09	05/19/39	21,500,000	8.270%	8.273%	N/A	1,778,695	21,500,000	657			15,370	0	21,484,630
AWCC	05/19/09	05/19/39	4,000,000	8.270%	8.270%	N/A	330,800	4,000,000	0			0	0	4,000,000
AWCC	11/26/08	12/01/13	0	10.000%	0.000%	N/A	0	75,000,000	0			0	0	0
AWCC	02/04/09	12/01/13	0	8.250%	0.000%	N/A	0	74,848,000	0			0	0	0
AWCC	08/27/09	11/03/14	0	6.250%	0.000%	N/A	0	23,325,000	0			0	0	0
AWCC	10/01/09	10/01/39	28,500,000	5.250%	5.334%	N/A	24,071	28,500,000	24,071			571,743	0	27,928,257
AWCC	05/27/10	05/01/40	25,000,000	5.250%	5.324%	N/A	1,331,000	25,000,000	18,478			449,673	0	24,550,327
AWCC	08/27/09	09/01/14	0	6.250%	0.000%	N/A	0	24,860,000	0			0	0	0
AWCC	09/16/10	09/01/15	0	4.850%	0.000%	N/A	0	25,000,000	0			0	0	0
AWCC	06/23/09	06/01/39	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,388			477,476	0	44,912,524
AWCC	09/10/09	09/01/39	26,000,000	5.625%	5.675%	N/A	1,475,500	26,000,000	13,007			307,867	0	25,692,133
AWCC	06/24/10	06/01/40	26,000,000	5.375%	5.417%	N/A	1,408,420	26,000,000	10,864			265,304	0	25,734,696
AWCC	07/27/10	09/01/15	0	5.250%	0.000%	N/A	0	10,635,000	0			0	0	0
AWCC	05/21/09	07/01/31	0	6.750%	0.000%	N/A	0	16,700,000	0			0	0	0
AWCC	05/21/09	09/15/14	0	6.100%	0.000%	N/A	0	17,950,000	0			0	0	0
AWCC	12/21/06	12/21/16	4,200,000	5.520%	5.520%	N/A	231,840	4,200,000	0			0	0	4,200,000
AWCC	12/21/06	12/21/16	7,950,000	5.520%	5.701%	N/A	453,230	7,950,000	14,355			13,996	0	7,936,004
AWCC	12/21/06	12/21/16	7,950,000	5.520%	5.520%	N/A	438,840	7,950,000	0			0	0	7,950,000
AWCC	01/31/07	12/21/16	6,050,000	5.520%	5.520%	N/A	333,960	6,050,000	0			0	0	6,050,000
AWCC	01/31/07	12/21/16	900,000	5.520%	5.520%	N/A	49,680	900,000	0			0	0	900,000
AWCC	01/31/07	12/21/16	800,000	5.520%	5.520%	N/A	44,160	800,000	0			0	0	800,000
AWCC	01/31/07	12/21/16	6,050,000	5.520%	5.520%	N/A	333,960	6,050,000	0			0	0	6,050,000
AWCC	02/15/07	12/21/16	2,500,000	5.520%	5.520%	N/A	138,000	2,500,000	0			0	0	2,500,000
AWCC	12/21/06	12/21/16	1,100,000	5.520%	5.520%	N/A	60,720	1,100,000	0			0	0	1,100,000
AWCC	12/21/06	12/21/18	8,475,000	5.620%	5.620%	N/A	476,295	8,475,000	0			0	0	8,475,000
AWCC	12/21/06	12/21/18	1,150,000	5.620%	5.620%	N/A	64,630	1,150,000	0			0	0	1,150,000
AWCC	12/21/06	12/21/18	2,300,000	5.620%	5.620%	N/A	129,260	2,300,000	0			0	0	2,300,000
AWCC	12/21/06	12/21/18	1,140,000	5.620%	5.620%	N/A	64,068	1,140,000	0			0	0	1,140,000
AWCC	12/21/06	12/21/18	1,584,000	5.620%	5.620%	N/A	89,021	1,584,000	0			0	0	1,584,000
AWCC	12/21/06	12/21/18	600,000	5.620%	5.620%	N/A	33,720	600,000	0			0	0	600,000
AWCC	12/21/06	12/21/18	1,650,000	5.620%	5.620%	N/A	92,730	1,650,000	0			0	0	1,650,000
AWCC	12/21/06	12/21/18	600,000	5.620%	5.620%	N/A	33,720	600,000	0			0	0	600,000
AWCC	12/21/06	12/21/18	565,714	5.620%	5.620%	N/A	31,793	565,714	0			0	0	565,714
AWCC	12/21/06	12/21/18	8,500,000	5.620%	5.620%	N/A	477,700	8,500,000	0			0	0	8,500,000
AWCC	12/21/06	12/21/18	6,100,000	5.620%	5.620%	N/A	342,820	6,100,000	0			0	0	6,100,000
AWCC	12/21/06	12/21/18	4,200,000	5.620%	5.620%	N/A	236,040	4,200,000	0			0	0	4,200,000
AWCC	12/21/06	12/21/18	2,800,000	5.620%	5.620%	N/A	157,360	2,800,000	0			0	0	2,800,000
AWCC	12/21/06	12/21/18	8,500,000	5.620%	5.620%	N/A	477,700	8,500,000	0			0	0	8,500,000
AWCC	12/21/06	12/21/18	3,955,000	5.620%	5.620%	N/A	222,271	3,955,000	0			0	0	3,955,000
AWCC	12/21/06	12/21/18	4,200,000	5.620%	5.620%	N/A	236,040	4,200,000	0			0	0	4,200,000
AWCC	12/21/06	12/21/18	14,100,000	5.620%	5.620%	N/A	792,420	14,100,000	0			0	0	14,100,000
AWCC	12/21/06	12/21/18	4,560,000	5.620%	5.620%	N/A	256,272	4,560,000	0			0	0	4,560,000
AWCC	12/21/06	12/21/18	21,600,000	5.620%	6.825%	N/A	1,474,200	21,600,000	260,230			774,185	0	20,825,815
AWCC	12/21/06	12/21/18	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0			0	0	1,000,000
AWCC	12/21/06	12/21/18	5,000,000	5.620%	5.620%	N/A	281,000	5,000,000	0			0	0	5,000,000
AWCC	12/21/06	12/21/18	3,500,000	5.620%	5.620%	N/A	196,700	3,500,000	0			0	0	3,500,000
AWCC	12/21/06	12/21/18	5,487,429	5.620%	5.620%	N/A	308,393	5,487,429	0			0	0	5,487,429
AWCC	12/21/06	12/21/18	1,695,000	5.620%	5.620%	N/A	95,259	1,695,000	0			0	0	1,695,000
AWCC	12/21/06	12/21/18	600,000	5.620%	5.620%	N/A	33,720	600,000	0			0	0	600,000
AWCC	12/21/06	12/21/18	6,000,000	5.620%	5.620%	N/A	337,200	6,000,000	0			0	0	6,000,000
AWCC	12/21/06	12/21/18	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0			0	0	1,000,000
AWCC	12/21/06	12/21/18	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0			0	0	1,000,000
AWCC	12/21/06	12/21/18	300,000	5.620%	5.620%	N/A	16,860	300,000	0			0	0	300,000
AWCC	12/21/06	12/21/18	8,475,000	5.620%	5.620%	N/A	476,295	8,475,000	0			0	0	8,475,000
AWCC	12/21/06	12/21/18	1,640,571	5.620%	5.620%	N/A	92,200	1,640,571	0			0	0	1,640,571
AWCC	12/21/06	12/21/18	622,286	5.620%	5.620%	N/A	34,972	622,286	0			0	0	622,286
AWCC	12/21/06	12/21/18	14,000,000	5.620%	5.620%	N/A	786,800	14,000,000	0			0	0	14,000,000
AWCC	12/21/06	12/21/18	14,300,000	5.620%	5.620%	N/A	803,660	14,300,000	0			0	0	14,300,000
AWCC	12/21/06	12/21/18	5,700,000	5.620%	5.620%	N/A	320,340	5,700,000	0			0	0	5,700,000
AWCC	01/31/07	12/21/18	5,900,000	5.620%	5.620%	N/A	331,580	5,900,000	0			0	0	5,900,000

AWCC	01/31/07	12/21/18	3,440,000	5.620%	5.620%	N/A	193,328	3,440,000	0	0	0	3,440,000
AWCC	01/31/07	12/21/18	3,300,000	5.620%	5.620%	N/A	185,460	3,300,000	0	0	0	3,300,000
AWCC	01/31/07	12/21/18	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0	0	0	1,000,000
AWCC	01/31/07	12/21/18	1,200,000	5.620%	5.620%	N/A	67,440	1,200,000	0	0	0	1,200,000
AWCC	01/31/07	12/21/18	6,500,000	5.620%	5.620%	N/A	365,300	6,500,000	0	0	0	6,500,000
AWCC	01/31/07	12/21/18	800,000	5.620%	5.620%	N/A	44,960	800,000	0	0	0	800,000
AWCC	01/31/07	12/21/18	3,045,000	5.620%	5.620%	N/A	171,129	3,045,000	0	0	0	3,045,000
AWCC	01/31/07	12/21/18	17,400,000	5.620%	5.620%	N/A	977,880	17,400,000	0	0	0	17,400,000
AWCC	01/31/07	12/21/18	5,000,000	5.620%	5.620%	N/A	281,000	5,000,000	0	0	0	5,000,000
AWCC	01/31/07	12/21/18	1,500,000	5.620%	5.620%	N/A	84,300	1,500,000	0	0	0	1,500,000
AWCC	01/31/07	12/21/18	1,305,000	5.620%	5.620%	N/A	73,341	1,305,000	0	0	0	1,305,000
AWCC	01/31/07	12/21/18	400,000	5.620%	5.620%	N/A	22,480	400,000	0	0	0	400,000
AWCC	01/31/07	12/21/18	1,350,000	5.620%	5.620%	N/A	75,870	1,350,000	0	0	0	1,350,000
AWCC	01/31/07	12/21/18	400,000	5.620%	5.620%	N/A	22,480	400,000	0	0	0	400,000
AWCC	01/31/07	12/21/18	434,286	5.620%	5.620%	N/A	24,407	434,286	0	0	0	434,286
AWCC	01/31/07	12/21/18	6,500,000	5.620%	5.620%	N/A	365,300	6,500,000	0	0	0	6,500,000
AWCC	01/31/07	12/21/18	6,500,000	5.620%	5.620%	N/A	365,300	6,500,000	0	0	0	6,500,000
AWCC	01/31/07	12/21/18	6,525,000	5.620%	5.620%	N/A	366,705	6,525,000	0	0	0	6,525,000
AWCC	01/31/07	12/21/18	4,212,571	5.620%	5.620%	N/A	236,747	4,212,571	0	0	0	4,212,571
AWCC	01/31/07	12/21/18	1,259,429	5.620%	5.620%	N/A	70,780	1,259,429	0	0	0	1,259,429
AWCC	01/31/07	12/21/18	477,714	5.620%	5.620%	N/A	26,848	477,714	0	0	0	477,714
AWCC	01/31/07	12/21/18	8,000,000	5.620%	5.620%	N/A	449,600	8,000,000	0	0	0	8,000,000
AWCC	01/31/07	12/21/18	8,700,000	5.620%	5.620%	N/A	488,940	8,700,000	0	0	0	8,700,000
AWCC	01/31/07	12/21/18	4,300,000	5.620%	5.620%	N/A	241,660	4,300,000	0	0	0	4,300,000
AWCC	01/31/07	12/21/18	860,000	5.620%	5.620%	N/A	48,332	860,000	0	0	0	860,000
AWCC	01/31/07	12/21/18	1,216,000	5.620%	5.620%	N/A	68,339	1,216,000	0	0	0	1,216,000
AWCC	01/31/07	12/21/18	850,000	5.620%	5.620%	N/A	47,770	850,000	0	0	0	850,000
AWCC	01/31/07	12/21/18	1,700,000	5.620%	5.620%	N/A	95,540	1,700,000	0	0	0	1,700,000
AWCC	01/31/07	12/21/18	6,525,000	5.620%	5.620%	N/A	366,705	6,525,000	0	0	0	6,525,000
AWCC	02/15/07	12/21/18	6,000,000	5.620%	5.620%	N/A	337,200	6,000,000	0	0	0	6,000,000
AWCC	02/15/07	12/21/18	600,000	5.620%	5.620%	N/A	33,720	600,000	0	0	0	600,000
AWCC	02/15/07	12/21/18	5,000,000	5.620%	5.620%	N/A	281,000	5,000,000	0	0	0	5,000,000
AWCC	02/15/07	12/21/18	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0	0	0	1,000,000
AWCC	02/15/07	12/21/18	3,000,000	5.620%	5.620%	N/A	168,600	3,000,000	0	0	0	3,000,000
AWCC	02/15/07	12/21/18	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0	0	0	1,000,000
AWCC	02/15/07	12/21/18	300,000	5.620%	5.620%	N/A	16,860	300,000	0	0	0	300,000
AWCC	02/15/07	12/21/18	2,000,000	5.620%	5.620%	N/A	112,400	2,000,000	0	0	0	2,000,000
AWCC	02/15/07	12/21/18	2,500,000	5.620%	5.620%	N/A	140,500	2,500,000	0	0	0	2,500,000
AWCC	02/15/07	12/21/18	5,000,000	5.620%	5.620%	N/A	281,000	5,000,000	0	0	0	5,000,000
AWCC	02/15/07	12/21/18	6,100,000	5.620%	5.620%	N/A	342,820	6,100,000	0	0	0	6,100,000
AWCC	12/21/06	12/21/18	8,500,000	5.620%	5.620%	N/A	477,700	8,500,000	0	0	0	8,500,000
AWCC	12/21/10	12/21/18	6,900,000	5.620%	5.620%	N/A	387,780	6,900,000	0	0	0	6,900,000
AWCC	12/21/10	12/21/18	3,900,000	5.620%	5.620%	N/A	219,180	3,900,000	0	0	0	3,900,000
AWCC	12/21/10	12/21/18	200,000	5.620%	5.620%	N/A	11,240	200,000	0	0	0	200,000
AWCC	03/29/07	03/29/19	9,000,000	5.620%	5.620%	N/A	505,800	9,000,000	0	0	0	9,000,000
AWCC	03/29/07	03/29/19	4,300,000	5.620%	5.620%	N/A	241,660	4,300,000	0	0	0	4,300,000
AWCC	03/29/07	03/29/19	1,200,000	5.620%	5.620%	N/A	67,440	1,200,000	0	0	0	1,200,000
AWCC	03/29/07	03/29/19	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0	0	0	1,000,000
AWCC	03/29/07	03/29/19	1,200,000	5.620%	5.620%	N/A	67,440	1,200,000	0	0	0	1,200,000
AWCC	03/29/07	03/29/19	2,000,000	5.620%	5.620%	N/A	112,400	2,000,000	0	0	0	2,000,000
AWCC	03/29/07	03/29/19	16,700,000	5.620%	5.810%	N/A	970,270	16,700,000	31,780	103,198	0	16,596,802
AWCC	03/29/07	03/29/19	5,000,000	5.620%	5.620%	N/A	281,000	5,000,000	0	0	0	5,000,000
AWCC	03/29/07	03/29/19	2,100,000	5.620%	5.620%	N/A	118,020	2,100,000	0	0	0	2,100,000
AWCC	03/29/07	03/29/19	600,000	5.620%	5.620%	N/A	33,720	600,000	0	0	0	600,000
AWCC	03/29/07	03/29/19	3,500,000	5.620%	5.620%	N/A	196,700	3,500,000	0	0	0	3,500,000
AWCC	03/29/07	03/29/19	600,000	5.620%	5.620%	N/A	33,720	600,000	0	0	0	600,000
AWCC	03/29/07	03/29/19	200,000	5.620%	5.620%	N/A	11,240	200,000	0	0	0	200,000
AWCC	03/29/07	03/29/19	600,000	5.620%	5.620%	N/A	33,720	600,000	0	0	0	600,000
AWCC	03/29/07	03/29/19	2,000,000	5.620%	5.620%	N/A	112,400	2,000,000	0	0	0	2,000,000
AWCC	03/29/07	03/29/19	2,300,000	5.620%	5.620%	N/A	129,260	2,300,000	0	0	0	2,300,000

AWCC	03/29/07	03/29/19	8,100,000	5.620%	5.620%	N/A	455,220	8,100,000	0	0	8,100,000
AWCC	03/29/07	03/29/19	2,700,000	5.620%	5.620%	N/A	151,740	2,700,000	0	0	2,700,000
AWCC	03/29/07	03/29/19	2,000,000	5.620%	5.620%	N/A	112,400	2,000,000	0	0	2,000,000
AWCC	03/29/07	03/29/19	1,500,000	5.620%	5.620%	N/A	84,300	1,500,000	0	0	1,500,000
AWCC	03/29/07	03/29/19	1,000,000	5.620%	5.620%	N/A	56,200	1,000,000	0	0	1,000,000
AWCC	03/29/07	03/29/19	2,300,000	5.620%	5.620%	N/A	129,260	2,300,000	0	0	2,300,000
AWCC	03/29/07	03/29/19	7,300,000	5.620%	5.620%	N/A	410,260	7,300,000	0	0	7,300,000
AWCC	03/29/07	03/29/19	900,000	5.620%	5.620%	N/A	50,580	900,000	0	0	900,000
AWCC	03/29/07	03/29/19	2,100,000	5.620%	5.620%	N/A	118,020	2,100,000	0	0	2,100,000
AWCC	03/29/07	03/29/19	600,000	5.620%	5.620%	N/A	33,720	600,000	0	0	600,000
AWCC	03/29/07	03/29/19	1,200,000	5.620%	5.620%	N/A	67,440	1,200,000	0	0	1,200,000
AWCC	03/29/07	03/29/19	15,000,000	5.620%	5.620%	N/A	843,000	15,000,000	0	0	15,000,000
AWCC	03/29/07	03/29/19	3,000,000	5.620%	5.620%	N/A	168,600	3,000,000	0	0	3,000,000
AWCC	12/21/06	12/21/21	8,500,000	5.770%	5.770%	N/A	490,450	8,500,000	0	0	8,500,000
AWCC	12/21/06	12/21/21	1,584,000	5.770%	5.770%	N/A	91,397	1,584,000	0	0	1,584,000
AWCC	12/21/06	12/21/21	76,400,000	5.770%	6.302%	N/A	4,814,728	76,400,000	406,737	2,430,256	73,969,744
AWCC	12/21/06	12/21/21	750,000	5.770%	5.770%	N/A	43,275	750,000	0	0	750,000
AWCC	12/21/06	12/21/21	1,250,000	5.770%	5.770%	N/A	72,125	1,250,000	0	0	1,250,000
AWCC	12/21/06	12/21/21	4,500,000	5.770%	5.770%	N/A	259,650	4,500,000	0	0	4,500,000
AWCC	12/21/06	12/21/21	5,700,000	5.770%	5.770%	N/A	328,890	5,700,000	0	0	5,700,000
AWCC	12/21/06	12/21/21	5,700,000	5.770%	5.770%	N/A	328,890	5,700,000	0	0	5,700,000
AWCC	12/21/06	12/21/21	8,000,000	5.770%	5.770%	N/A	461,600	8,000,000	0	0	8,000,000
AWCC	12/21/06	12/21/21	5,713,714	5.770%	5.770%	N/A	329,681	5,713,714	0	0	5,713,714
AWCC	12/21/06	12/21/21	1,000,000	5.770%	5.770%	N/A	57,700	1,000,000	0	0	1,000,000
AWCC	12/21/06	12/21/21	10,800,000	5.770%	5.770%	N/A	623,160	10,800,000	0	0	10,800,000
AWCC	12/21/06	12/21/21	1,640,571	5.770%	5.770%	N/A	94,661	1,640,571	0	0	1,640,571
AWCC	12/21/06	12/21/21	2,125,000	5.770%	5.770%	N/A	122,613	2,125,000	0	0	2,125,000
AWCC	12/21/06	12/21/21	961,714	5.770%	5.770%	N/A	55,491	961,714	0	0	961,714
AWCC	12/21/06	12/21/21	5,300,000	5.770%	5.770%	N/A	305,810	5,300,000	0	0	5,300,000
AWCC	12/21/06	12/21/21	4,200,000	5.770%	5.770%	N/A	242,340	4,200,000	0	0	4,200,000
AWCC	12/21/06	12/21/21	2,256,000	5.770%	5.770%	N/A	130,171	2,256,000	0	0	2,256,000
AWCC	12/21/06	12/21/21	11,562,000	5.770%	5.770%	N/A	667,127	11,562,000	0	0	11,562,000
AWCC	12/21/06	12/21/21	282,000	5.770%	5.770%	N/A	16,271	282,000	0	0	282,000
AWCC	12/21/06	12/21/21	2,125,000	5.770%	5.770%	N/A	122,613	2,125,000	0	0	2,125,000
AWCC	12/21/06	12/21/21	2,300,000	5.770%	5.770%	N/A	132,710	2,300,000	0	0	2,300,000
AWCC	12/21/06	12/21/21	2,125,000	5.770%	5.770%	N/A	122,613	2,125,000	0	0	2,125,000
AWCC	12/21/06	12/21/21	2,125,000	5.770%	5.770%	N/A	122,613	2,125,000	0	0	2,125,000
AWCC	12/21/06	12/21/21	2,800,000	5.770%	5.770%	N/A	161,560	2,800,000	0	0	2,800,000
AWCC	12/21/06	12/21/21	9,000,000	5.770%	5.770%	N/A	519,300	9,000,000	0	0	9,000,000
AWCC	12/21/06	12/21/21	14,100,000	5.770%	5.770%	N/A	813,570	14,100,000	0	0	14,100,000
AWCC	12/21/06	12/21/21	33,900,000	5.770%	5.770%	N/A	1,956,030	33,900,000	0	0	33,900,000
AWCC	12/21/06	12/21/21	6,500,000	5.770%	5.770%	N/A	375,050	6,500,000	0	0	6,500,000
AWCC	12/21/06	12/21/21	2,000,000	5.770%	5.770%	N/A	115,400	2,000,000	0	0	2,000,000
AWCC	01/31/07	12/21/21	4,386,286	5.770%	5.770%	N/A	253,089	4,386,286	0	0	4,386,286
AWCC	01/31/07	12/21/21	1,216,000	5.770%	5.770%	N/A	70,163	1,216,000	0	0	1,216,000
AWCC	01/31/07	12/21/21	58,600,000	5.770%	5.770%	N/A	3,381,220	58,600,000	0	0	58,600,000
AWCC	01/31/07	12/21/21	4,300,000	5.770%	5.770%	N/A	248,110	4,300,000	0	0	4,300,000
AWCC	01/31/07	12/21/21	8,700,000	5.770%	5.770%	N/A	501,990	8,700,000	0	0	8,700,000
AWCC	01/31/07	12/21/21	1,259,429	5.770%	5.770%	N/A	72,669	1,259,429	0	0	1,259,429
AWCC	01/31/07	12/21/21	738,286	5.770%	5.770%	N/A	42,599	738,286	0	0	738,286
AWCC	01/31/07	12/21/21	3,300,000	5.770%	5.770%	N/A	190,410	3,300,000	0	0	3,300,000
AWCC	01/31/07	12/21/21	1,744,000	5.770%	5.770%	N/A	100,629	1,744,000	0	0	1,744,000
AWCC	01/31/07	12/21/21	8,938,000	5.770%	5.770%	N/A	515,723	8,938,000	0	0	8,938,000
AWCC	01/31/07	12/21/21	218,000	5.770%	5.770%	N/A	12,579	218,000	0	0	218,000
AWCC	01/31/07	12/21/21	1,625,000	5.770%	5.770%	N/A	93,763	1,625,000	0	0	1,625,000
AWCC	01/31/07	12/21/21	1,625,000	5.770%	5.770%	N/A	93,763	1,625,000	0	0	1,625,000
AWCC	01/31/07	12/21/21	1,625,000	5.770%	5.770%	N/A	93,763	1,625,000	0	0	1,625,000
AWCC	01/31/07	12/21/21	1,625,000	5.770%	5.770%	N/A	93,763	1,625,000	0	0	1,625,000
AWCC	01/31/07	12/21/21	10,200,000	5.770%	5.770%	N/A	588,540	10,200,000	0	0	10,200,000
AWCC	01/31/07	12/21/21	2,200,000	5.770%	5.770%	N/A	126,940	2,200,000	0	0	2,200,000

AWCC	01/31/07	12/21/21	5,000,000	5.770%	5.770%	N/A	288,500	5,000,000	0	0	0	5,000,000
AWCC	01/31/07	12/21/21	5,900,000	5.770%	5.770%	N/A	340,430	5,900,000	0	0	0	5,900,000
AWCC	01/31/07	12/21/21	26,100,000	5.770%	5.770%	N/A	1,505,970	26,100,000	0	0	0	26,100,000
AWCC	01/31/07	12/21/21	6,500,000	5.770%	5.770%	N/A	375,050	6,500,000	0	0	0	6,500,000
AWCC	01/31/07	12/21/21	1,700,000	5.770%	5.770%	N/A	98,090	1,700,000	0	0	0	1,700,000
AWCC	02/15/07	12/21/21	1,250,000	5.770%	5.770%	N/A	72,125	1,250,000	0	0	0	1,250,000
AWCC	02/15/07	12/21/21	1,250,000	5.770%	5.770%	N/A	72,125	1,250,000	0	0	0	1,250,000
AWCC	02/15/07	12/21/21	5,000,000	5.770%	5.770%	N/A	288,500	5,000,000	0	0	0	5,000,000
AWCC	02/15/07	12/21/21	1,000,000	5.770%	5.770%	N/A	57,700	1,000,000	0	0	0	1,000,000
AWCC	02/15/07	12/21/21	1,250,000	5.770%	5.770%	N/A	72,125	1,250,000	0	0	0	1,250,000
AWCC	02/15/07	12/21/21	1,250,000	5.770%	5.770%	N/A	72,125	1,250,000	0	0	0	1,250,000
AWCC	02/15/07	12/21/21	750,000	5.770%	5.770%	N/A	43,275	750,000	0	0	0	750,000
AWCC	12/21/06	12/21/21	2,500,000	5.770%	5.770%	N/A	144,250	2,500,000	0	0	0	2,500,000
AWCC	02/15/07	12/21/21	1,500,000	5.770%	5.770%	N/A	86,550	1,500,000	0	0	0	1,500,000
AWCC	02/15/07	12/21/21	1,250,000	5.770%	5.770%	N/A	72,125	1,250,000	0	0	0	1,250,000
AWCC	01/31/07	12/21/21	4,300,000	5.770%	5.770%	N/A	248,110	4,300,000	0	0	0	4,300,000
AWCC	01/31/07	12/21/21	3,500,000	5.770%	5.770%	N/A	201,950	3,500,000	0	0	0	3,500,000
AWCC	02/15/07	12/21/21	7,500,000	5.770%	5.770%	N/A	432,750	7,500,000	0	0	0	7,500,000
AWCC	02/15/07	12/21/21	2,000,000	5.770%	5.770%	N/A	115,400	2,000,000	0	0	0	2,000,000
AWCC	02/15/07	12/21/21	5,000,000	5.770%	5.770%	N/A	288,500	5,000,000	0	0	0	5,000,000
AWCC	03/29/07	03/29/22	10,000,000	5.770%	5.770%	N/A	577,000	10,000,000	0	0	0	10,000,000
AWCC	03/29/07	03/29/22	9,000,000	5.770%	5.770%	N/A	519,300	9,000,000	0	0	0	9,000,000
AWCC	03/29/07	03/29/22	6,900,000	5.770%	5.770%	N/A	398,130	6,900,000	0	0	0	6,900,000
AWCC	03/29/07	03/29/22	2,400,000	5.770%	5.770%	N/A	138,480	2,400,000	0	0	0	2,400,000
AWCC	03/29/07	03/29/22	3,000,000	5.770%	5.770%	N/A	173,100	3,000,000	0	0	0	3,000,000
AWCC	03/29/07	03/29/22	1,600,000	5.770%	5.770%	N/A	92,320	1,600,000	0	0	0	1,600,000
AWCC	03/29/07	03/29/22	2,400,000	5.770%	5.770%	N/A	138,480	2,400,000	0	0	0	2,400,000
AWCC	03/29/07	03/29/22	7,700,000	5.770%	5.770%	N/A	444,290	7,700,000	0	0	0	7,700,000
AWCC	03/29/07	03/29/22	2,000,000	5.770%	5.770%	N/A	115,400	2,000,000	0	0	0	2,000,000
AWCC	03/29/07	03/29/22	4,900,000	5.770%	5.770%	N/A	282,730	4,900,000	0	0	0	4,900,000
AWCC	03/29/07	03/29/22	1,000,000	5.770%	5.770%	N/A	57,700	1,000,000	0	0	0	1,000,000
AWCC	03/29/07	03/29/22	1,500,000	5.770%	5.770%	N/A	86,550	1,500,000	0	0	0	1,500,000
AWCC	03/29/07	03/29/22	15,000,000	5.770%	5.915%	N/A	887,250	15,000,000	21,764	135,966	0	14,864,034
AWCC	03/29/07	03/29/22	600,000	5.770%	5.770%	N/A	34,620	600,000	0	0	0	600,000
AWCC	03/29/07	03/29/22	2,300,000	5.770%	5.770%	N/A	132,710	2,300,000	0	0	0	2,300,000
AWCC	03/29/07	03/29/22	1,300,000	5.770%	5.770%	N/A	75,010	1,300,000	0	0	0	1,300,000
AWCC	03/29/07	03/29/22	5,000,000	5.770%	5.770%	N/A	288,500	5,000,000	0	0	0	5,000,000
AWCC	03/29/07	03/29/22	3,000,000	5.770%	5.770%	N/A	173,100	3,000,000	0	0	0	3,000,000
AWCC	03/29/07	03/29/22	1,000,000	5.770%	5.770%	N/A	57,700	1,000,000	0	0	0	1,000,000
AWCC	03/29/07	03/29/22	3,000,000	5.770%	5.770%	N/A	173,100	3,000,000	0	0	0	3,000,000
AWCC	03/29/07	03/29/22	5,000,000	5.770%	5.770%	N/A	288,500	5,000,000	0	0	0	5,000,000
AWCC	03/29/07	03/29/22	2,900,000	5.770%	5.770%	N/A	167,330	2,900,000	0	0	0	2,900,000
AWCC	03/29/07	03/29/22	2,900,000	5.770%	5.770%	N/A	167,330	2,900,000	0	0	0	2,900,000
AWCC	03/29/07	03/29/22	2,000,000	5.770%	5.770%	N/A	115,400	2,000,000	0	0	0	2,000,000
AWCC	03/29/07	03/29/22	3,600,000	5.770%	5.770%	N/A	207,720	3,600,000	0	0	0	3,600,000
AWCC	12/04/09	12/01/14	0	6.000%	0.000%	N/A	0	59,561,000	0	0	0	0
AWCC	05/15/08	05/15/18	2,000,000	6.250%	6.250%	N/A	125,000	2,000,000	0	0	0	2,000,000
AWCC	05/15/08	05/15/18	1,500,000	6.250%	6.250%	N/A	93,750	1,500,000	0	0	0	1,500,000
AWCC	05/15/08	05/15/18	4,000,000	6.250%	6.250%	N/A	250,000	4,000,000	0	0	0	4,000,000
AWCC	05/15/08	05/15/18	1,000,000	6.250%	6.250%	N/A	62,500	1,000,000	0	0	0	1,000,000
AWCC	05/15/08	05/15/18	7,000,000	6.250%	6.250%	N/A	437,500	7,000,000	0	0	0	7,000,000
AWCC	05/15/08	05/15/18	5,000,000	6.250%	6.250%	N/A	312,500	5,000,000	0	0	0	5,000,000
AWCC	05/15/08	05/15/18	1,500,000	6.250%	6.250%	N/A	93,750	1,500,000	0	0	0	1,500,000
AWCC	05/15/08	05/15/18	1,000,000	6.250%	6.250%	N/A	62,500	1,000,000	0	0	0	1,000,000
AWCC	05/15/08	05/15/18	9,000,000	6.250%	6.250%	N/A	562,500	9,000,000	0	0	0	9,000,000
AWCC	05/15/08	05/15/18	1,000,000	6.250%	6.250%	N/A	62,500	1,000,000	0	0	0	1,000,000
AWCC	05/15/08	05/15/18	5,000,000	6.250%	6.250%	N/A	312,500	5,000,000	0	0	0	5,000,000
AWCC	05/15/08	05/15/18	5,000,000	6.250%	6.250%	N/A	312,500	5,000,000	0	0	0	5,000,000
AWCC	05/15/08	05/15/18	5,000,000	6.250%	6.250%	N/A	312,500	5,000,000	0	0	0	5,000,000
AWCC	05/15/08	05/15/18	17,000,000	6.250%	6.489%	N/A	1,103,130	17,000,000	40,653	96,551	0	16,903,449

AWCC	05/15/08	05/15/18	5,500,000	6.250%	6.250%	N/A	343,750	5,500,000	0	0	0	5,500,000		
AWCC	05/15/08	05/15/18	3,500,000	6.250%	6.250%	N/A	218,750	3,500,000	0	0	0	3,500,000		
AWCC	05/15/08	05/15/18	9,000,000	6.250%	6.250%	N/A	562,500	9,000,000	0	0	0	9,000,000		
AWCC	05/15/08	05/15/18	2,000,000	6.250%	6.250%	N/A	125,000	2,000,000	0	0	0	2,000,000		
AWCC	05/15/08	05/15/18	4,000,000	6.250%	6.250%	N/A	250,000	4,000,000	0	0	0	4,000,000		
AWCC	05/15/08	05/15/18	5,000,000	6.250%	6.250%	N/A	312,500	5,000,000	0	0	0	5,000,000		
AWCC	05/15/08	05/15/18	16,000,000	6.250%	6.250%	N/A	1,000,000	16,000,000	0	0	0	16,000,000		
AWCC	05/15/08	05/15/23	2,000,000	6.550%	6.550%	N/A	131,000	2,000,000	0	0	0	2,000,000		
AWCC	05/15/08	05/15/23	4,000,000	6.550%	6.550%	N/A	262,000	4,000,000	0	0	0	4,000,000		
AWCC	05/15/08	05/15/23	1,000,000	6.550%	6.550%	N/A	65,500	1,000,000	0	0	0	1,000,000		
AWCC	05/15/08	05/15/23	3,000,000	6.550%	6.550%	N/A	196,500	3,000,000	0	0	0	3,000,000		
AWCC	05/15/08	05/15/23	4,000,000	6.550%	6.550%	N/A	262,000	4,000,000	0	0	0	4,000,000		
AWCC	05/15/08	05/15/23	4,000,000	6.550%	6.550%	N/A	262,000	4,000,000	0	0	0	4,000,000		
AWCC	05/15/08	05/15/23	12,000,000	6.550%	6.550%	N/A	786,000	12,000,000	0	0	0	12,000,000		
AWCC	05/15/08	05/15/23	4,000,000	6.550%	6.550%	N/A	262,000	4,000,000	0	0	0	4,000,000		
AWCC	05/15/08	05/15/23	8,000,000	6.550%	6.550%	N/A	524,000	8,000,000	0	0	0	8,000,000		
AWCC	05/15/08	05/15/23	5,000,000	6.550%	6.550%	N/A	327,500	5,000,000	0	0	0	5,000,000		
AWCC	05/15/08	05/15/23	10,000,000	6.550%	6.550%	N/A	655,000	10,000,000	0	0	0	10,000,000		
AWCC	05/15/08	05/15/23	21,000,000	6.550%	6.664%	N/A	1,399,440	21,000,000	23,877	176,090	0	20,823,910		
AWCC	05/15/08	05/15/23	8,000,000	6.550%	6.550%	N/A	524,000	8,000,000	0	0	0	8,000,000		
AWCC	05/15/08	05/15/23	1,000,000	6.550%	6.550%	N/A	65,500	1,000,000	0	0	0	1,000,000		
AWCC	10/22/07	10/15/17	524,200,000	6.085%	6.143%	N/A	32,201,606	750,000,000	303,051	542,966	0	523,657,034		
AWCC	05/19/09	05/19/19	24,500,000	7.210%	7.215%	N/A	1,767,675	24,500,000	1,194	4,045	0	24,495,955		
AWCC	08/18/10	08/01/40	35,000,000	5.250%	5.318%	N/A	1,861,300	35,000,000	23,767	584,328	0	34,415,672		
AWCC	05/21/09	09/01/14	0	6.000%	0.000%	N/A	0	18,250,000	0	0	0	0		
AWCC	12/21/06	12/21/13	0	5.390%	0.000%	N/A	0	600,000	0	0	0	0		
AWCC	12/21/06	12/21/13	0	5.390%	0.000%	N/A	0	22,800,000	0	0	0	0		
AWCC	12/21/06	12/21/13	0	5.390%	0.000%	N/A	0	5,500,000	0	0	0	0		
AWCC	12/21/06	12/21/13	0	5.390%	0.000%	N/A	0	2,800,000	0	0	0	0		
AWCC	12/21/06	12/21/13	0	5.390%	0.000%	N/A	0	17,000,000	0	0	0	0		
AWCC	01/31/07	12/21/13	0	5.390%	0.000%	N/A	0	400,000	0	0	0	0		
AWCC	01/31/07	12/21/13	0	5.390%	0.000%	N/A	0	4,000,000	0	0	0	0		
AWCC	01/31/07	12/21/13	0	5.390%	0.000%	N/A	0	17,700,000	0	0	0	0		
AWCC	01/31/07	12/21/13	0	5.390%	0.000%	N/A	0	2,200,000	0	0	0	0		
AWCC	02/15/07	12/21/13	0	5.390%	0.000%	N/A	0	6,000,000	0	0	0	0		
AWCC	02/15/07	12/21/13	0	5.390%	0.000%	N/A	0	4,000,000	0	0	0	0		
AWCC	02/15/07	12/21/13	0	5.390%	0.000%	N/A	0	5,000,000	0	0	0	0		
AWCC	02/15/07	12/21/13	0	5.390%	0.000%	N/A	0	3,000,000	0	0	0	0		
AWCC	02/15/07	12/21/13	0	5.390%	0.000%	N/A	0	10,000,000	0	0	0	0		
AWCC	12/15/10	12/01/15	0	6.000%	0.000%	N/A	0	30,000,000	40,099	1,058,117	0	(1,058,117)		
AWCC	05/15/08	05/15/23	3,000,000	6.550%	6.550%	N/A	196,500	3,000,000	0	0	0	3,000,000		
AWCC	12/17/12	12/01/42	300,000,000	4.300%	4.340%	N/A	13,020,000	300,000,000	102,130	18,200	489,303	2,749,275	0	296,761,422
AWCC	11/20/13	03/01/24	400,000,000	3.850%	3.965%	N/A	15,860,000	400,000,000	304,590	155,260	1,268,387	2,488,335	0	396,243,278
AWCC	12/06/13	01/01/24	6,107,981	2.300%	2.300%	N/A	140,484	6,702,401	0	0	0	0	6,107,981	
AWCC	12/06/13	01/01/21	149,000	2.900%	2.900%	N/A	4,321	171,000	0	0	0	0	149,000	
AWCC	12/06/13	01/01/21	375,000	2.900%	2.900%	N/A	10,875	432,000	0	0	0	0	375,000	
AWCC	12/06/13	01/01/30	767,736	2.310%	2.310%	N/A	17,735	816,770	0	0	0	0	767,736	
AWCC	04/28/14	01/01/31	1,598,000	1.790%	1.790%	N/A	28,604	1,683,000	0	0	0	0	1,598,000	
AWCC	08/14/14	03/01/25	300,000,000	3.400%	3.491%	N/A	10,473,000	300,000,000	235,813	37,830	346,879	2,162,278	0	297,490,843
AWCC	08/14/14	12/01/42	200,000,000	4.300%	4.352%	N/A	8,704,000	200,000,000	74,476	29,049	781,977	2,004,848	0	197,213,175
AWCC	09/01/14	03/01/25	0	0.000%	0.000%	N/A	0	0	29,102	0	0	266,850	0	(266,850)
AWCC	09/15/14	03/01/25	0	0.000%	0.000%	N/A	0	0	33,907	0	0	310,908	0	(310,908)
AWCC	09/01/14	12/01/42	0	0.000%	0.000%	N/A	0	0	27,790	0	0	748,087	0	(748,087)
AWCC	11/01/14	12/01/42	0	0.000%	0.000%	N/A	0	0	28,650	0	0	771,229	0	(771,229)
AWCC	12/01/03	11/30/33	0	0.000%	0.000%	N/A	0	0	869	0	0	15,562	0	(15,562)
AWCC	07/31/12	12/01/38	0	0.000%	0.000%	N/A	0	0	29,417	0	0	674,230	0	(674,230)
AWCC	12/01/13	03/01/24	0	0.000%	0.000%	N/A	0	0	9,673	0	0	79,021	0	(79,021)
AWCC	12/01/13	03/01/24	0	0.000%	0.000%	N/A	0	0	81,267	0	0	663,905	0	(663,905)
AWCC	12/01/13	03/01/24	0	0.000%	0.000%	N/A	0	0	81,781	0	0	668,102	0	(668,102)
AWCC	07/31/12	12/01/38	0	0.000%	0.000%	N/A	0	0	47,195	0	0	1,081,681	0	(1,081,681)

AWCC	12/01/13	03/01/24	0	0.000%	0.000%	N/A	0	119,944		979,874	0	(979,874)		
AWCC	12/17/12	12/01/42	0	0.000%	0.000%	N/A	0	2,369		63,783	0	(63,783)		
AWCC	11/01/07	10/15/37	0	0.000%	0.000%	N/A	0	5,453		118,833	0	(118,833)		
AWCC	10/22/07	10/15/37	0	0.000%	0.000%	N/A	0	4,654		101,418	0	(101,418)		
AWCC	05/20/09	03/01/15	0	0.000%	0.000%	N/A	0	0		0	0	0		
AWCC	12/01/14	12/01/42	0	0.000%	0.000%	N/A	0	37,702		1,014,929	0	(1,014,929)		
AWCC	12/04/09	12/04/39	0	0.000%	0.000%	N/A	0	30,544		730,846	0	(730,846)		
AWCC	10/01/04	09/30/34	0	0.000%	0.000%	N/A	0	23,119		433,476	0	(433,476)		
AWCC	12/01/02	12/01/23	0	0.000%	0.000%	N/A	0	933		7,389	0	(7,389)		
AWCC	08/14/14	12/01/42	0	0.000%	0.000%	N/A	0	30,266		814,735	0	(814,735)		
AWCC	09/01/14	03/01/25	0	0.000%	0.000%	N/A	0	8,691		79,687	0	(79,687)		
AWCC	09/01/14	03/01/25	0	0.000%	0.000%	N/A	0	8,548		78,377	0	(78,377)		
AWCC	12/17/12	12/01/42	0	0.000%	0.000%	N/A	0	417		11,238	0	(11,238)		
AWCC	08/13/15	03/01/25	225,000,000	3.400%	3.521%	N/A	7,922,250	225,000,000	193,470	78,455	719,393	1,774,015	0	222,506,592
AWCC	08/13/15	09/01/45	325,000,000	4.300%	4.379%	N/A	14,231,750	325,000,000	113,433	142,329	4,222,836	3,365,487	0	317,411,677
AWCC	09/01/15	09/01/45	0	0.000%	0.000%	N/A	0	25,255		749,301	0	(749,301)		

			<u>\$4,468,087,717</u>				<u>\$235,685,359</u>	<u>\$5,171,824,171</u>	<u>\$3,262,541</u>	<u>\$461,123</u>	<u>\$7,828,775</u>	<u>\$39,903,427</u>	<u>\$0</u>	<u>\$4,420,355,515</u>
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5.330%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Scott Rungren

- 42.** Refer to the Direct Testimony of Scott Rungren (“Rungren Testimony”), page 7.
- a. KAWC explains that it used the rate of a 30-year Treasury Bond taken from Bloomberg’s (“30-year Treasury Bond”) forward yield curve on August 27, 2015, as the basis for its projected interest rate for its bonds to be issued in June 2016. Explain why the August 27, 2015 Treasury Bond rate was used.
 - b. For each American Water Capital Corporation (“American Capital”) long-term debt issuance for the five-year period from 2011 through 2015, provide a comparison of the rate of a 30-year Treasury Bond on the date of the long-term debt issuance to the actual interest rate of the American Capital debt issuance.
 - c. Provide a table comparing the end-of-month 30-year Treasury Bond interest rate for the period of January 2015 through February 2016.
 - d. Provide the basis for the 1.45 percent spread used to calculate the projected interest rate.

Response:

- a. The August 27, 2015 Treasury Bond rate was used simply because that was the date the forecasted long-term interest rate was developed for the 2016 budget.
- b. Note that two of the American Water Capital Corp. (“AWCC”) issuances have 10.5 year terms and one has a 9.5 year term. For those issuances the rate on the 10-year Treasury Bond was also provided.

Issue Date	Maturity Date	Term (Years)	10-yr T-Bond Rate	30-yr T-Bond Rate	AWCC Rate	Issuance Amount
12/17/12	12/01/42	30		2.94%	4.300%	\$300,000,000
11/20/13	03/01/24	10.5	2.80%	3.90%	3.850%	\$400,000,000
08/14/14	03/01/25	10.5	2.40%	3.20%	3.400%	\$300,000,000
08/14/14	12/01/42	28		3.20%	4.300%	\$200,000,000
08/13/15	03/01/25	9.5	2.19%	2.86%	3.400%	\$225,000,000
08/13/15	09/01/45	30		2.86%	4.300%	\$325,000,000

- c. See the table below for the requested rates.

	30-yr
	T-Bond
Date	Rate
1/30/2015	2.25%
2/27/2015	2.60%
3/31/2015	2.54%
4/30/2015	2.75%
5/29/2015	2.88%
6/30/2015	3.11%
7/31/2015	2.92%
8/31/2015	2.95%
9/30/2015	2.87%
10/30/2015	2.93%
11/30/2015	2.98%
12/31/2015	3.01%
1/29/2016	2.75%
2/29/2016	2.61%

- d. A spread of 145 basis points was used because, in its most recent offering on August 13, 2015, AWCC issued bonds at a rate that was 145 basis points above the rate on the 30-year Treasury Bond. The Treasury Bond rate was 2.86% on August 13, 2015 and AWCC issued 30-year bonds at 4.30% (i.e., 2.86% plus 1.45% = 4.31%, lowered to 4.30% due to the bonds being issued at a small discount).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Scott Rungren**

- 43.** Refer to the Rungren Testimony, page 10.
- a. Provide an analysis to quantify the impact of KAWC's equity-to-capital restriction has on American Water's capital structure.
 - b. Given that KAWC's long-term debt is issued by American Capital, provide an analysis or study that quantifies the impact KAWC's capital structure has on its long-term debt cost.

Response:

- a. Assuming KAWC manages its capital structure to a common equity ratio of 47.352% as proposed in this case, the impact on American Water's capital structure would be minimal. At KAWC's current level of capitalization, a shift in its equity ratio to 47.352% would require an approximate re-distribution of \$10 million from the debt component to the equity component. The impact on the American Water consolidated capital structure at December 31, 2015, all else equal, would be an increase of approximately nine basis points to the equity ratio.
- b. KAWC's capital structure impacts the cost of debt it receives through AWCC to the extent that KAWC's capital structure impacts the capital structure of the American Water Works Company, Inc. As of December 31, 2015, KAWC's total capitalization is approximately 3.5% of the American Water consolidated capitalization. The more relevant point, however, is that KAWC manages its capital structure on a stand-alone basis and attempts to maintain a financial profile that will allow it to issue debt externally to third parties in the event that AWCC debt is unavailable, or that third-party debt is available at a lower all-in cost than that from AWCC. KAWC does not, and should not, assume that debt financing through AWCC is the only available financing option. AWCC has been a reliable and lower-cost financing option, but KAW has a responsibility to maintain a reasonable capital structure, which is necessary to enable it to attract capital from external sources. The Company has, and will, avail itself of outside financing sources when it is appropriate to do so.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Scott Rungren

- 44.** Provide a comparison of KAWC's capital structure as of December 21, 2016, to the capital structure of American Water.

Response:

The Company assumes that the request was intended to ask for a capital structure comparison between KAWC and American Water at December 31, 2015. That comparison is shown below.

American Water Consolidated Capitalization at 12/31/15			
Short Term Debt		\$628,469,299	5.42%
Long Term Debt		5,916,000,000	50.97%
Preferred Stock		11,743,582	0.10%
Stockholder's Equity		5,049,730,718	43.51%
Total		\$11,605,943,598	100.00%
Kentucky-American Water Capitalization at 12/31/15			
Short Term Debt		\$28,318,094	7.15%
Long Term Debt		194,243,578	49.04%
Preferred Stock		2,241,921	0.57%
Stockholder's Equity		171,248,573	43.24%
Total		\$396,052,166	100.00%

KENTUCKY-AMERICAN WATER COMPANY
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COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

- 45.** Explain whether American Capital's bond rating is based on American Water's or KAWC's capital structure.

Response:

American Water Capital Corp.'s (AWCC) credit rating is based on many factors, such as American Water's overall business and financial profile, which would include American Water's capital structure. KAWC's capital structure impacts the consolidated capital structure, but AWCC's and American Water's bond ratings reflect a complete analysis of the consolidated company.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

46. Refer to KAWC's Application, Exhibit 37, Schedule C, pages 6–7, Miscellaneous Expenses. Provide a complete description for each item that is included in the following accounts:

a.	Charitb Contr Deduct	\$ 2,396
b.	Charitb Don-H/Ed/En	\$ 61,927
c.	CharitbDon-Community	\$ 36,645
d.	Community Partnerships	\$ 59,799
e.	Cust Edu Comm-Reg	\$ 1,671
f.	Cust Edu Comm-Issues	\$ 20,355
g.	Cust Edu Comm-Consrv	\$ 80,465
h.	Cust Edu Comm-Printd	\$ 13,000
i.	Commun Relations-E	\$ 12,214
j.	Commun Relations-S	\$ 9,585
k.	Community Relations	\$ 1,745
l.	Co Dues/Membership Ded	\$ 77,070

Response:

Since the 2017 budget is not forecasted by account, the forecast year is allocated by account based on the base year. The Miscellaneous Expense provided in Exhibit 37, Schedule C was erroneously allocated to each account. Please refer to W/P-3-20 where forecast year amounts for charitable expenses were removed before allocation.

- a. This item has been eliminated from the base year and forecast year. Please refer to W/P-3-20, Miscellaneous Expense.

- b. This item has been eliminated from the base year and forecast year. Please refer to W/P-3-20, Miscellaneous Expense.
- c. This item has been eliminated from the base year and forecast year. Please refer to W/P-3-20, Miscellaneous Expense.
- d-1. Please refer to the attachment for the base year activity that the forecast is based upon.

Kentucky-American
Account 52514700-Community Partnerships
Activity May 2015 to Oct 2015

\$1,590	The Oliver Lewis Bridge Project 2015
3,180	2015 Business Summit & Annual Meeting Sponsorship
5,300	Free Friday Flics Fun Zone Sponsorship
1,590	Ice Rink panel sponsorship
265	2015 Smooth Jazz Fest-1/2 page ad purchase
80	Best Places to Work Award for Owenton Office
1,590	LexArts-The Oliver Lewis Bridge Project 2015
5,300	LFUCG-free Friday Flicks Fun Zone Sponsorship
3,180	KY Chamber of Commerce-2015 Business Summit & Annual Mtg Sponsorship
1,590	Downtown Lexington Corp-Triangle Park ice Rink Sponsorship
265	African American Forum Inc-2015 Smooth Jazz Fest-1/2 page add purchase
5,300	The Triangle Foundation-Annual donation & Park Renovation Pledge
530	University of KY-Center for Community Outreach 2015 FUSION Sponsorship
424	Kentucky Institue for Economic Development-annual KIED Conference
80	Best Places to Work Award for Owenton Office
2,650	Kentucky Connected-Final installment of Partnership agreement
212	Sponsorship - urban League of Lexington
80	Downtown Lexington Corp. Annual Meeting & Awards of Excellence
<u>\$33,205</u>	Total

Kentucky-American
Account 52524000-Co Dues&Memberships
Activity May 2015 to Oct 2015

Description	Sum of Amount
AWWA Membership	\$5,997
Better Business Bureau	\$1,728
Greater Lexington Aprtment Association-Golf Outing Sponsorship	\$212
Kentucky Association of Counties Membership Dues	\$500
KY Commerce Fees	\$7,538
KY League of Cities	\$5,300
NAWC Fees	\$36,936
Paris Bourbon County Chamber Commerce	\$2,231
Winchester Clark County Chamber of Commerce	\$530
Lexington Commerce Fees	\$3,958
Public Relations Society	\$305
KY Water Association	\$50
Grand Total	\$65,286

Kentucky-American

Account 52514901,52514903,52514904,52514905,52515000,52515001,52522000

Activity May 2015 to Oct 2015

Account	AC Name	Vendor	Total
52514901	Customer Education Communication - Reg	DIRECT RESPONSE	\$1,016
52514901 Sum			\$1,016
52514903	Customer Education Communication - Issues	CLEAR CHANNEL LEXINGTON	\$4,652
		Cumulus - Lexington KY	\$2,890
		DIRECT RESPONSE	\$788
		WUKY RADIO STATION	\$1,749
52514903 Sum			\$10,078
52514904	Customer Education Communication - Conservation	Axis Promotions	\$351
		Caskey Group Inc	\$170
		CLEAR CHANNEL LEXINGTON	\$4,646
		Cumulus - Lexington KY	\$5,853
		Kentucky Forward LLC	\$7,950
		WUKY RADIO STATION	\$1,749
52514904 Sum			\$20,718
52514905	Customer Education Communication - Printed	Ace Weekly	\$720
		DIRECT RESPONSE	\$842
52514905 Sum			\$1,561
52515000	Community Relations - Events	Axis Promotions	\$3,810
		HANDS ON ORIGINALS INC	\$1,202
		SAMS CLUB	\$48
52515000 Sum			\$5,060
52515001	Community Relations - Specialty	Axis Promotions	\$8,632
52515001 Sum			\$8,632
Grand Total			\$47,065

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Kevin N. Rogers / Donald J. Petry

- 47.** Refer to the Petry Testimony, page 5. Mr. Petry explains that there are currently six vacant positions: two union positions, three non-union hourly positions, and one non-union salary position.
- a. Identify the position title of each employee position that is currently vacant.
 - b. Are there any employee positions that KAWC projects will be vacant during the forecasted test year? If so, identify those positions.
 - c. For each position identified in Item 43.a. and 43.b. above:
 - (1) State why the position must be filled;
 - (2) State the reason the position is currently vacant or will become vacant during the forecasted test year;
 - (3) Describe the current status of KAWC's efforts to fill the position and state the anticipated hire date; and
 - (4) State the total cost of the position included in the forecasted test year, the cost of each individual component (e.g., payroll expenses, payroll capitalized, retirement, and insurance benefits), and the accounts to which each component is charged.
 - d. Explain whether KAWC has included in its forecast test year operating expense the cost of temporary employees. Identify the temporary employee cost, and explain whether any of the temporary employees are performing duties for the six identified positions.

Response:

- a. Please see attached for a list of currently vacant positions (there are now seven vacant positions).
- b. The Company projects that there will be no vacant positions during the forecasted test year.
- c. Please see attached.

- d. The Company has not included any costs for temporary employees in the forecasted test year.

Kentucky American Water Company
Response to PSC 2-47

a. Currently Vacant Positions

Line	Employee Category	Cost Center	Cost Center Name	Job Title	Why Position Must Be Filled	Why Position is Vacant	Current Status of Efforts to fill	Anticipated Hire Date	Forecast Payroll Gross	Forecast Payroll Capitalized (or Sewer)	Forecast Payroll Expense	Forecast Tax Expense	Forecast 401k Expense	Forecast Retirement Expense	Forecast Group Insurance Expense	Total Forecast Expense
1	Hourly FT Non-Union	120201	CEN-Production	Automation & Controls Tech (N)	To manage capital production projects along with SCADA operations	New position	Currently seeking candidates / Interviewing	Next Few Months	\$80,549	\$0	\$80,549	\$6,363	\$2,218	\$4,027	\$12,716	\$105,874
2	Hourly FT Non-Union	120201	CEN-Production	Production Trainee	Trainee position to learn production operations and be able to fill other operator vacancies in no more than one year from hire date	New position	Currently in interview process	May 2016	59,611	0	59,611	4,762	1,642	2,981	12,608	81,603
3	Hourly FT Non-Union	120206	CEN-Field Services	Utility F3200	To maintain the transmission and distribution system	Employee Terminated	Active, job posted	May 2016	39,667	7,942	31,725	2,588	0	1,460	95	35,868
4	Hourly FT Union	120201	CEN-Production	Maintenance Technician II F3200	To maintain production operations	Employee exited business	Currently seeking candidates / Interviewing	Next few months	67,866	33	67,833	5,391	1,613	3,016	11,617	89,469
5	Hourly FT Union	120206	CEN-Field Services	Backhoe Operator F3200	To maintain the transmission and distribution system	Employee Terminated	Active, job posted	May 2016	67,728	0	67,728	5,383	1,586	2,965	11,620	89,282
6	Hourly FT Union	120251	CEN-Richmond Road	Treatment Plt Opr Relief F3200	To operate treatment plant	Employee exited business	In process of posting	Next few months	62,275	0	62,275	4,965	0	2,877	5,784	75,901
7	Salaried Exempt FT	120206	CEN-Field Services	Supvr Opns II	To oversee work in the transmission and distribution system	Promotion	Active, job posted	Next few months	75,527	41,473	34,054	2,372	1,199	1,430	2,389	41,445

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Donald J. Petry

- 48.** Refer to the Petry Testimony, page 5. Mr. Petry refers to merit increase for the non-union employees of 2.75 percent for April 2016 and 3 percent for April 2017. He further states that the wages for the union positions are calculated based on the negotiated union contract that is in effect through October 31, 2017.
- a. Provide all studies and analysis that KAWC and American Water have conducted on prevailing wages in the Lexington region or the state of Kentucky.
 - b. If no studies or analysis have been conducted or commissioned, explain why.
 - c. Explain why, in light of the present economic conditions, both locally and nationally, the forecasted wage increase is reasonable and appropriate.
 - d. Provide a schedule comparing the budgeted and historical wage increase for KAWC's union and non-union employees for each of the previous calendar five years.

Response:

- a. American Water has conducted a wage study, but it was not limited to the Lexington region or the state of Kentucky. (Please see confidential response to Commission Staff's First Request for Information, Item 16 which includes the Willis Towers Watson Study.)
- b. See a.
- c. Union contracts are negotiated every three to four years, and cover a wide range of topics from wages, to vacation, sick and disability leave policies, to seniority and hours of work. Reaching an agreement requires developing an overall package which the employees and management can agree upon. Wage increases for the union are appropriate because they are contractual costs incurred in the good faith effort to develop a fair compensation package for Kentucky American's union employees.

The compensation program is in place to ensure that Kentucky American is able to attract and retain qualified employees in a competitive market place. Increases are based on both an employee's performance and also on an employee's position in their salary band. Salary bands are based on salary performed by companies

such as Willis Towers Watson. Thus strong performance is incented while prevailing wages remain within established salary guidelines. Performance metrics measured include customer satisfaction, safety, and operational performance. Kentucky American's metrics in these key areas are very positive, and the Company believes these results are indication of a workforce that is delivering quality service. Kentucky American strives to continue the success its employees have achieved in delivery quality service, and the performance-based merit increase process is one of the ways the Company does this. Because the merits increase process allows Kentucky American to remain a competitive employer, and because of the impact merit-based wage increases have on strong employee performance, the merit increases are appropriate.

In terms of the current local and national climate, the union wage and merit increases forecasted in this case are lower than in prior proceedings. Thus the wage increases allow for fair union negotiation and a fair market position, but also recognize the current economic climate. For example, the 2016 union increase was negotiated to provide a 2% annual wage increase. This is lower than the 2.25% increase provided in 2015 contract. Similarly, the non-union merit increases in this case is forecasted at 2.75% for 2016 and 3% for 2017. The prorated increase in the forecast is 2.85% which is lower than the merit increases proposed in Case No. 2012-00520 (3% for non-union), Case No. 2010-00036 (3.5% for hourly non-union and 3% for salary) and in Case No. 2008-00427 (4%).

d. Please see below.

			Actual	Budget
2011	1-Nov	Union	2.50%	2.50%
	1-Jan	Non-Bargaining	2.75%	
		Non-Bargaining Hourly		3.50%
		Non-Bargaining Salary		3.00%
2012	1-Nov	Union	2.49%	2.50%
	1-Apr	Non-Bargaining	2.47%	2.50%
2013	1-Nov	Union	2.50%	2.50%
	1-Apr	Non-Bargaining	2.67%	3.00%
2014	1-Nov	Union	2.84%	2.50%
	1-Apr	Non-Bargaining	2.62%	2.75%
2015	1-Nov	Union	2.25%	2.25%
	1-Apr	Non-Bargaining	2.41%	2.80%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 49.** Refer to the Petry Testimony, page 8, which states that the 2016 plan rates for Basic Life, Short and Long Term Disability, and AD&D insurance coverages have been adjusted for a projected 4 percent increase in January 2017. State the basis of the projected 4 percent increases in each of these expense categories.

Response:

Although the 2016 plan rates for Health, Dental and Vision insurance were adjusted for a projected 4 percent increase in January 2017, Mr. Petry's testimony regarding rates for Basic Life, Short and Long Term Disability, and AD&D insurance coverages is mistaken. For those coverages, the 2016 plan rates were used.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 50.** Refer to the Petry Testimony, page 10, which states that the OPEB forecast is based on the latest estimates for 2016 and 2017 post-retirement welfare cost.
- a. State the basis for the welfare estimates.
 - b. Provide all work papers and supporting documents, show all calculations, and state all assumptions used to derive the estimates.

Response:

- a. The post-retirement welfare cost projections from Willis Towers Watson for American Water in total were used for 2016 and 2017. The 2015 allocation per subsidiary was applied to calculate Kentucky American's portion.
- b. Please see the attachment. The attachment contains confidential information and is subject to a petition for confidential treatment.

**ATTACHMENT TO KAW_R_PSCDR2_NUM050_032416
FILED UNDER SEAL PURSUANT TO PETITION FOR
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

51. Provide for the calendar year ended December 31, 2016, for each American Water Subsidiary that provides retail water service:

- a. Its total uncollectibles;
- b. Its total water sales; and
- c. Its uncollectibles stated as a percentage of total water sales.

Response:

- a. Please refer to the attachment.
- b. Please refer to the attachment.
- c. Please refer to the attachment.

American Water 2016 Plan
Regulated Water only Uncollectible

	<u>Uncollectible</u>	<u>Revenue</u>	<u>Percent</u>
New Jersey American	\$3,134,710	\$662,969,884	0.473%
New York American	456,918	95,168,948	0.480%
West Virginia American	2,551,239	136,729,876	1.866%
Virginia American	302,894	56,377,861	0.537%
Tennessee American	505,809	49,799,436	1.016%
Pennsylvania American	8,268,912	605,135,496	1.366%
Maryland American	24,450	4,779,683	0.512%
Kentucky American	673,393	90,947,221	0.740%
Missouri American	2,215,990	283,663,484	0.781%
Michigan American	10,759	2,212,111	0.486%
Iowa American	389,405	38,756,231	1.005%
Indiana American	1,790,960	208,894,903	0.857%
Illinois American	2,445,901	256,754,961	0.953%
California American	3,857,480	212,943,111	1.812%
	<u>\$26,628,818</u>	<u>\$2,705,133,207</u>	<u>0.984%</u>

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness:

- 52.** Refer to KAWC's Response to Staff's First Request, Item 3, W/P-3-1, Support Services Summary, page 486.
- a. Explain why the following adjustments are resulting in increases to the Service Company allocations:
 - (1) Removed One Time Items; and
 - (2) Removed Charitable, Lobbying, Community Relations Penalties and Advertising.
 - b. Provide work papers to show how KAWC calculated the "4/1/16 Merit Increases" and explain how the 3.5 percent estimated increase was derived.
 - c. Provide work papers to show how KAWC calculated the "4/1/17 Merit Increases" and explain how the 3.7 percent estimated increase was derived.
 - d. Provide detailed explanations for the following adjustments:
 - (1) 2016 Other Increase;
 - (2) Organizational Realignment; and
 - (3) 2017 Other Increases.
 - e. KAWC has included business development costs of \$195,842 in its forecasted Service Company fees. List each business development cost that is included in the forecast. State whether the cost is directly assignable or allocated and describe the services associated with this cost.
 - f. Provide a detailed explanation for the following Service Company functions and an itemized list of the items that are allocated in the forecast test year:

(1) Government Affairs	\$	21,474
(2) Regulatory Policy	\$	40,033

Response:

- a. The adjustments for removing one-time items resulted in an increase of \$219 because the removal of these costs were for an accrual reversed. The adjustments for the Charitable, Lobbying, Community Relations, Penalties was a net decrease of -\$4,521, however the advertising cost was an increase of \$14,630 when removed from the base year. The advertising costs when reversed resulted in a positive expense and should have been removed in total. The Company agrees to remove the net adjustment of \$10,107 for these items.
- b. The 4/1/16 Merit increase of 3.50% was an assumption applied to all non-union employees as an estimated base salary increase in 2016. This assumption was based on external data sources, from Towers Watson Energy and Utilities Sector, World at Work Utilities and IBM Kenexa Energy and Utility, with ranges from 3.0%-4.1%.
- c. The 4/1/17 Merit increase of 3.70% was an assumption applied to all non-union employees as an estimated base salary increase in 2017.
- d. The 2016 Other Increase reflects the change in amount from the Company's Insurance Other Than Group expense line to the Service Company for the 2016 Insurance Other Than Group for the intercompany portion of the Terrorism Risk Insurance Act and other. The adjustment for Organizational Re-alignment pertains to shift in the Service Company employees and realignment of the Central Division in 2016. In the latter of 2015, the Central Division changed leadership and structure for the States, which were formerly Illinois, Indiana, Iowa, Kentucky, Missouri, Michigan and Tennessee. The Central Division states are now made up of Indiana, Kentucky, Michigan and Tennessee which are led by a Senior Vice President. The functional roles supporting the former Central Division continue to support the current Central Division but the historical time charged for these employees was a lower percentage, 9.69%. An adjustment was made to increase the respective employees at the current percentage of 25.35% in new Central Division. The 2017 Other Increase reflects the change in amount from the Company's IOTG expense line to the Service Company for the 2017 of Insurance Other Than Group for the intercompany portion of the Terrorism Risk Insurance Act and other.
- e. Yes, the function of business development is included in the Support Service forecasted period. The costs charged to the Company have been allocated using customer counts. Please see the attachment for the list of costs from the business development team.
- f. Please see the attachment for the list of costs from the Government Affairs and Regulatory Policy teams. The Government Affairs and Regulatory Policy functions focus on areas for regulation, legislation, and water industry issues.

Kentucky-American Water Company
 Response to KAW_R_PSCDR2_NUM052
 For the Forecasted Test Year

GL Account	GL Account Name	Business Development	Government Affairs	Regulatory Policy
50100000	Labor Natural Account	\$96,810	\$4,923	\$17,037
50100001	Labor Expense Accrual	(2,169)	88	(540)
50109900	Labor Capitalized Credits	6	27	62
50110000	Labor Non-scheduled Overtime - Natural Account	10	0	82
50120000	Labor Overtime - Natural Account	22	0	131
50171000	Annual Incentive Plan	26,398	1,584	3,842
50171600	Compensation Exp - Options	3,187	263	951
50171800	Compensation Exp - RSU's	8,447	411	2,322
50185000	Severance	(1,092)	0	0
50421000	401k Expense	2,616	210	416
50422000	Defined Compensation Plan Expense	3,262	289	207
50424000	Defined Contribution Restoration Expense	150	0	0
50425000	401k Restoration Expense	112	0	0
50450000	Other Welfare - Natural Account	88	0	1
50451000	Employee Awards	42	0	0
50456000	Tuition Aid	114	0	46
50457000	Training	247	15	2
50510000	PBOP Expense	1,330	0	963
50550000	Group Insurance Expense	7,525	482	1,505
50610000	Pension Expense	5,947	0	3,060
52000000	M & S (O&M) - Natural Account	34	3	0
52500000	Misc Exp (O&M) - Natural Acct	597	48	55
52503000	Advertising	0	0	0
52514905	Customer Education Communication - Printed	5	0	0
52524000	Co Dues/Membership Deductible	1,770	3,991	43
52534000	Employee Expenses	6,693	2,165	2,055
52534200	Conferences & Registration	1,441	561	385
52535000	Meals Deductible	1,093	254	366
52548100	Hiring Costs	8,267	0	0
52562000	Office & Admin Supplies - Natural Account	172	27	50
52562500	Overnight Shipping - Natural Account	11	1	1
52566000	Postage - Natural Account	3	0	0
52566700	Printing	204	115	0
52567000	Relocation Expenses	4,477	0	0
52571500	Software Licenses	17	0	0
52574000	Telephone - Natural Account	186	0	7
52574100	Cell Phone - Natural Account	672	22	34
52577500	Trade Shows	37	0	0
53110000	Contract Svc-Eng - Natural Account	495	0	0
53150000	Contract Svc-Other - Natural Account	4,504	4,819	5,682
53151000	Contract Svc-Temp Empl - Natural Account	330	0	0
53155000	Contract Services - Legal	408	533	0
54110000	Rents-Real Property - Natural Account	58	0	0
55000000	Transportation (O&M) - Natural Account	2	0	0
55010100	Transportation Lease Costs	272	0	0
55010200	Transportation Lease Fuel	7	0	0
55010300	Transportation Lease Maint	11	0	0
55010500	Transportation - Reimburse Employee Personal Use	102	0	9
55110000	Insurance Vehicle	53	4	10
55115000	Insurance Vehicle - Intercompany	12	1	2
55710000	Insurance General Liability	301	21	56
55715000	Insurance General Liability - Intercompany	134	7	17
55720000	Insurance Workers Compensation	812	53	144
55725000	Insurance Workers Compensation - Intercompany	396	22	50
55730000	Insurance Other	1,241	80	204
68011200	Depreciation Exp - Non-Utility Property	223	0	0
68532000	FUTA	32	2	5
68533000	FICA	6,749	418	1,006
68535000	SUTA	298	35	55
71712000	Gains/Losses Other Non-Operating	1	0	(288)
81035000	Interest Capital Lease Intercompany	667	0	0
Total		\$195,842	\$21,475	\$40,033

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

- 53.** In its application in Case No. 2012-00520, KAWC forecasted rate case cost was \$700,142.¹ In the current case, the estimate is \$884,370, an increase of \$184,228, or 26.3 percent.
- a. State the reasons for the expected increase in rate case expense.
 - b. Describe KAWC's efforts to contain its rate-case costs.

Response:

- a. Since the filing of Case No. 2012-00520, rate case costs have increased and additional consultants have been utilized in the preparation of the current case. Rate case costs are based on an estimate of the expenses for a fully litigated rate case, and also include each of the Company's witnesses presenting oral testimony. In addition to legal fees, the hourly rates charged for the Cost of Service Study also increased. In the current case, additional consultants were utilized for the depreciation study, compensation, and for weather normalization, also contributing to the increase in costs.
- b. KAWC makes considerable efforts to contain its rate case costs. KAWC reviews whether professional expertise is available within the Company, or if outside experts are necessary for the issues that are likely to arise in the case. KAWC also makes a significant effort to review case development to determine if any portion can be completed more efficiently without losing any quality. The Company has made significant efforts to standardize case presentation files, which allows for efficiency and consistency in assembling each case. Furthermore, the Company continues to evaluate where its resources can be allocated most effectively across the business.

¹ Case No. 2012-00520, *Kentucky-American Water Company* (Ky. PSC filed Dec. 28, 2012). \$852,370 (Total Estimated Rate Case Expense) + \$32,000 (Depreciation Study) = \$884,370.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Brent O'Neill

- 54.** List each construction project that KAWC will commence or complete during the forecast period for which KAWC, as of the date of this request, has not obtained all necessary governmental permits licenses, or other approvals. For each project listed:
- a. List all required governmental permits licenses, and other approvals;
 - b. List all governmental permits licenses, and other approvals that KAWC has obtained as of the date of this request; and
 - c. State the date on which KAWC applied or expects to apply for each required governmental permits licenses, or other approvals.

Response:

- a. Please see the attached.
- b. Please see the attached.
- c. Please see the attached.

Kentucky American Water					
Case Number 2015-00418		No. 54			
No.	Description	Status	Permits	Permit Status	Expected To Apply
I12-020021	Power Reliability at Remote Sites	Planning	KY DOW Construction Permit	Not Submitted	Late 2016
I12-020032	RRS Filter Building Replacement	Under Construction (80% Complete)	PSC Approval	Received	
			KY DOW Construction Permit	Received	
			LFUCG Land Disturbance Permit	Received	
			LFUCG Commercial Permit	Received	
			LFUCG Electrical Permit	Received	
			LFUCG HVAC Permit	Received	
			LFUCG Demolition Permit	Not Submitted	Fall 2016
I12-020037	KRS1 Chemical Storage and Feed Improvements	Planning	KY DOW Construction Permit	Not Applied	2017
I12-020039	Georgetown Bypass and US 25 Area	Planning	Easements	Not Applied	2017
			KY DOW KPDES Permit	Not Applied	2017
			KTC Encroachment Permit	Not Applied	2017
I12-020040	KRS1 Valve House Rehabilitation (Phase 2)	Design	None Required		
I12-020056	KRS1 Valve House Rehabilitation (Phase 1B)	Construction (80% Complete)	None Required		
I12-020043	Athens Boonesboro Main Extension	Construction (0% Complete)	Easements	Received	
			KY DOW Construction Permit	Received	
			KY DOW Stream Construction Permit/ Water Quality Certification	Received	
			KTC Encroachment Permit	Received	
I12-020049	KRS1 Raw Water Access	Planning	None Required		
I12-020050	Paving Field Ops and Front Entrance	Planning	None Required		
I12-020051	KRS1 High Service Pumps Replacement	Design	None Required		
I12-020052	Millersburg Tank Replacement	Design	KY DOW Construction Permit	Not Applied	2016
I12-020055	New Circle Rd Main Relocation (Phase 2)	Planning	Easements	Not Applied	2017
			KY DOW KPDES Permit	Not Applied	2017
			KTC Encroachment Permit	Not Applied	2017

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Scott W. Rungren / Linda C. Bridwell

- 55.** Provide a comparison of KAWC's forecasted rate base capital structure, and income statement from Case No. 2012-00520 with its actual results. Provide a detailed explanation for each variance.

Response:

Please see attached comparison of KAWC's forecasted rate base, capital structure, and income statement from Case No. 2012-00520 with its actual results, along with an explanation for each variance.

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418

Rate Base Component	Case No. 2012-00520 Forecasted Amount (7/31/14)	Actual 7/31/2014	Difference	Explanation
Utility Plant In Service	\$627,540,378	\$636,773,109	\$9,232,730	Northern Connection complete occurred later than expected placing spend in the forecast period
Property Held for Future Use	0	0	0	
Utility Plant Acquisition Adjustments	0	0	0	
Accumulated Depreciation	(136,601,885)	(124,747,761)	11,854,124	Northern Connection project completion occurred later than forecasted.
Net Utility Plant In Service	490,938,493	636,773,109	21,086,854	
Construction Work in Progress	6,851,268	6,584,749	(266,519)	
Working Capital Allowance	3,946,000		(3,946,000)	Rate case used Lead Lag study
Other Working Capital Allowance	727,081	878,554	151,473	
Contributions in Aid of Construction	(52,238,690)	(53,786,812)	(1,548,121)	Higher activity in developer sponsored projects than originally planned
Customer Advances	(13,997,843)	(12,673,905)	1,323,938	Lower number of new houses built in existing subdivision than originally budgeted
Deferred Income Taxes	(57,007,044)	(66,814,607)	(9,807,564)	Difference due to change in UPIS and CWIP
Deferred Investment Tax Credits	(55,276)	(659,564)	(604,288)	
Deferred Maintenance	4,644,233	6,173,680	1,529,447	Painting of Hydrotreater #1 and #2 not included in original plan
Deferred Debits	1,536,404	1,507,864	(28,540)	
Other Rate Base Elements	650,081	2,195,764	1,545,683	
Rate Base	\$385,994,706	\$520,178,832	\$9,436,364	

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2015-00418

Capital Component	Case No. 2012-00520 Forecasted Amount (7/31/14)	Actual 7/31/2014	Difference	Explanation
Short- Term Debt	\$ 8,119,115	\$ 14,165,856	\$ 6,046,741	Delay of LT debt issuances noted below resulted in higher than expected short-term debt balance.
Long-Term Debt	202,791,766	194,144,662	(8,647,104)	Three LT debt issuances, each in the amount of \$3 million, scheduled for May 2013, Nov 2013, and May 2014 were not issued.
Preferred Stock	4,482,784	4,482,784	-	
Common Equity	174,443,134	167,345,845	(7,097,289)	Equity infusions of \$7 million planned for 2013 did not occur.
Total Capital	<u>\$ 389,836,799</u>	<u>\$ 380,139,146</u>	<u>\$ (9,697,652)</u>	
JDITC	\$ 608,114	\$ 608,114	-	

**Kentucky American
Income Statement
August 2013 - July 2014**

	Case No: 2012-00520			Aug 2013-Jul 2014		Explanation of the Differences
	Base Year	Adjustments	Forecasted	Actual	Difference	
Operating Revenues						
Water Sales	\$84,830,506	(\$2,998,368)	\$81,832,138	\$87,349,427	\$5,517,289	Rate case increase offset by declining usage
Other Operating Revenues	2,452,254	(618,188)	1,834,066	2,019,247	185,181	Higher due to late fees and application fees
	<u>87,282,760</u>	<u>(3,616,556)</u>	<u>83,666,204</u>	<u>89,368,675</u>	<u>2,085,915</u>	
Operating Expenses						
Purchased Water	335,669	(128,442)	207,227	80,368	(126,859)	Lower due to Winchester purchased water credit
Fuel & Power	3,994,390	(226,098)	3,768,292	3,800,068	31,776	Increase in electricity costs
Chemicals	1,834,701	(54,829)	1,779,872	1,716,204	(63,668)	Lower due to process change requiring less chemicals
Waste Disposal	318,460	18,290	336,750	294,458	(42,292)	Lower due to process change requiring less chemicals
Salaries and Wages	7,150,158	(269,945)	6,880,213	6,731,715	(148,497)	Lower due to vacancies
Pension	1,025,878	(42,671)	983,207	458,242	(524,966)	Lower due to less funding required given interest rates and returns
Group Insurance	1,964,516	144,987	2,109,504	1,488,287	(621,216)	Lower due to vacancies & favorable pricing
Other Benefits	354,192	49,280	403,472	339,886	(63,585)	Lower due to various items including 401k and DCP
Support Services	8,951,414	372,820	9,324,233	8,741,705	(582,528)	Cost savings initiative
Contract Services	854,325	4,081	858,406	827,615	(30,791)	Actuals charged to Building Maintenance
						Higher due to groundskeeping (budgeted in contracted services)-unbudgeted snow removal
Building Maintenance & Services	524,208	(45,250)	478,958	586,605	107,647	
Telecommunications	286,997	(29,628)	257,369	276,930	19,561	Higher due to data services
Postage, Printing, & Stationary	33,775	1,983	35,758	19,392	(16,366)	Lower due to overnight shipping
Office Supplies & Services	236,813	140,562	377,375	183,496	(193,880)	Lower due to budget for software maintenance here, actuals in maintenance
Advertising & Marketing	29,862	(29,862)	0	8,068	8,068	Advertising removed from case
Employee Related Expense	242,207	(51,500)	190,707	142,059	(48,648)	Less travel than planned
Miscellaneous Expense	1,299,821	(129,274)	1,170,548	1,071,549	(98,999)	Lower due to EA expenses (donations) plus savings on lab supplies & general
Rents	35,782	2,137	37,919	27,696	(10,223)	Lower spend than planned on copiers
Transportation	439,561	41,503	481,064	525,523	44,459	Fuel prices higher than budget
						Higher due to increased write offs & bad debt reserves as result of 2013 SAP implementation
Uncollectible Accounts	300,934	180,869	481,803	1,511,788	1,029,985	
Other Customer Accounting	1,136,521	57,411	1,193,932	1,056,493	(137,439)	Lower than anticipated spending on forms and bill inserts
Regulatory Expense	212,934	62,061	274,995	285,823	10,828	Higher regulatory costs than anticipated
Insurance Other Than Group	646,312	23,814	670,126	725,825	55,699	Higher due to increase in claims
						Higher due to software maintenance (budgeted in Office Supplies), and higher than normal repairs on intake pumps and motors
Maintenance Supplies & Services	1,693,733	(103,284)	1,590,449	1,970,082	379,633	
Total O & M Expenses	<u>33,903,162</u>	<u>(10,983)</u>	<u>33,892,179</u>	<u>32,869,878</u>	<u>(1,033,284)</u>	
Depreciation	11,872,191	1,249,410	13,121,601	13,381,547	259,946	Change in profiled capital spending
Amortization	207,018	3,243	210,261	229,590	19,329	Change in profiled capital spending
General Taxes	4,797,323	317,448	5,114,771	5,284,386	169,615	Higher due to increase in property tax valuation method
State and Federal Income Taxes						
State Income Taxes						
Current	1,384,008	(892,306)	491,703	672,782	181,079	
Deferred	181,565	493,228	674,793	652,843	(21,949)	
Total State Income Taxes	<u>1,565,573</u>	<u>(399,078)</u>	<u>1,166,495</u>	<u>1,325,625</u>	<u>159,130</u>	Higher revenues resulted in higher taxes
Federal Income Taxes						
Current	7,480,524	(3,822,315)	3,658,209	2,097,034	(1,561,176)	
Deferred	1,199,577	1,699,617	2,899,194	7,025,778	4,126,584	
Deferred - ITC	(63,597)	(21,195)	(84,792)	(84,797)	(5)	
Total Fed Income Taxes	<u>8,616,505</u>	<u>(2,143,893)</u>	<u>6,472,611</u>	<u>9,038,015</u>	<u>2,565,404</u>	Higher revenues resulted in higher taxes
Total Operating Expenses	<u>60,961,773</u>	<u>(983,854)</u>	<u>59,977,919</u>	<u>62,129,041</u>	<u>2,140,139</u>	
Utility Operating Income	\$26,320,987	(\$2,632,702)	\$23,688,285	\$27,239,633	(\$54,224)	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Brent O'Neill

- 56.** Provide a schedule comparing KAWC's forecasted construction expenditures from Case No. 2012-00520 with its actual results by construction project. Provide a detailed explanation for each variance.

Response:

Please see the attached which provides the monthly comparison for October 2012 to December 2014, as well as the yearly comparison for December 2012, December 2013 and December 2014.

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Oct - 12	Oct - 12		
DV	Developer Projects Funded by Others	\$229,857	\$183,166	\$46,691	
A	Mains - New	\$66	\$63,008	(\$62,942)	KY 607 project construction was delayed
B	Mains - Replaced / Restored	\$32,341	\$326,098	(\$293,757)	
C	Mains - Unscheduled	\$7,593	\$25,261	(\$17,668)	
D	Mains - Relocated	\$0	\$0	\$0	No projects were identified from the city or state as originally planned.
E	Hydrants, Valves, and Manholes - New	\$18,624	\$22,241	(\$3,617)	
F	Hydrants, Valves, and Manholes - Replaced	\$24,249	(\$3,538)	\$27,787	
G	Services and Laterals - New	\$10,291	\$103,881	(\$93,590)	Number of new service request less than originally planned
H	Services and Laterals - Replaced	\$24,315	\$81,340	(\$57,025)	
I	Meters - New	\$177,955	\$104,386	\$73,569	
J	Meters - Replaced	\$549,740	\$490,967	\$58,773	
K	ITS Equipment and Systems	\$20,946	\$18,320	\$2,626	
L	SCADA Equipment and Systems	\$183,146	\$40,634	\$142,512	Work scheduled in Nov and Dec able to be performed early
M	Security Equipment and Systems	\$20,987	\$3,502	\$17,485	
N	Offices and Operations Centers	\$31,018	(\$55,449)	\$86,467	
O	Vehicles	\$80,864	\$104,172	(\$23,308)	
P	Tools and Equipment	\$9,174	\$5,669	\$3,505	
Q	Process Plant Facilities and Equipment	\$204,006	\$311,256	(\$107,250)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	(\$46,547)	\$19,381	(\$65,928)	
	Subtotal	\$1,578,625	\$1,844,295	(\$265,670)	
	Less Item DV	\$229,857	\$183,166	\$46,691	
	Total Item A - S	\$1,348,768	\$1,661,129	(\$312,361)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$18,410	(\$18,410)	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	(\$117)	(\$24,091)	\$23,974	
IP-1202-18	US 25 Relocation (I12-020009)	\$85,436	\$102,993	(\$17,557)	
IP-1202-19	Leestown Road (I12-020010)	\$39,582	(\$1,585)	\$41,167	Awaiting approval of final alignment from KTC to begin construction, minor design changes during period.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	(\$13,033)	\$92,695	(\$105,728)	Project delayed due to design changes.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$3,197,620	(\$13,910)	\$3,211,530	Accrual for material was not applied correctly in October, was reversed in November
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	(\$46,322)	\$0	(\$46,322)	
CS-1201-1	Business Transformation 2009		\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$221,535	\$570,203	(\$348,668)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$7,364	\$12,000	(\$4,636)	
	Total Investment Projects	\$3,492,065	\$756,715	\$2,735,350	
	Total Company Expenditures Less DV	\$4,840,833	\$2,417,844	\$2,422,989	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual Nov - 12	Per 2012-00520 Nov - 12	Difference	Note
DV	Developer Projects Funded by Others	\$120,308	\$182,903	(\$62,595)	
A	Mains - New	\$33	\$150,988	(\$150,955)	KY 607 project construction was delayed
B	Mains - Replaced / Restored	\$70,913	\$278,738	(\$207,825)	Replacement projects delayed due to various issues with design and construction issues
C	Mains - Unscheduled	\$105,578	\$20,428	\$85,150	
D	Mains - Relocated	\$0	\$100,000	(\$100,000)	No projects were identified from the city or state as originally planned.
E	Hydrants, Valves, and Manholes - New	\$12,256	\$14,332	(\$2,076)	
F	Hydrants, Valves, and Manholes - Replaced	\$11,059	(\$5,638)	\$16,697	
G	Services and Laterals - New	\$98,195	\$105,830	(\$7,635)	Number of new service request less than originally planned
H	Services and Laterals - Replaced	\$77,913	\$69,371	\$8,542	
I	Meters - New	\$153,099	\$93,880	\$59,219	
J	Meters - Replaced	\$845,280	\$460,866	\$384,414	AMR replacement program starting ahead of schedule
K	ITS Equipment and Systems	\$47,275	\$53,320	(\$6,045)	
L	SCADA Equipment and Systems	\$47,059	\$82,654	(\$35,595)	
M	Security Equipment and Systems	\$135	\$14,007	(\$13,872)	
N	Offices and Operations Centers	\$27,957	\$44,551	(\$16,594)	
O	Vehicles	(\$34,366)	\$30,670	(\$65,036)	
P	Tools and Equipment	\$75,857	\$59,128	\$16,729	
Q	Process Plant Facilities and Equipment	\$366,285	\$266,256	\$100,029	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	(\$232,430)	\$19,381	(\$251,811)	
	Subtotal	\$1,792,406	\$2,041,663	(\$249,257)	
	Less Item DV	\$120,308	\$182,903	(\$62,595)	
	Total Item A - S	\$1,672,098	\$1,858,761	(\$186,663)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$1,329	(\$1,590)	\$2,919	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$18,872	(\$24,091)	\$42,963	
IP-1202-18	US 25 Relocation (I12-020009)	\$27,982	\$32,993	(\$5,011)	
IP-1202-19	Leestown Road (I12-020010)	\$7,140	\$175,950	(\$168,810)	Awaiting approval of final alignment from KTC to begin construction, minor design changes during period.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$46,584	\$210,703	(\$164,119)	Project delayed due to design changes.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	(\$27,464)	\$0	(\$27,464)	
IP-1232-5	Northern Division Connection (I2-300003)	\$314,395	(\$13,910)	\$328,305	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	(\$227,723)	\$0	(\$227,723)	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$201,486	\$269,991	(\$68,505)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$19,079	\$14,000	\$5,079	
	Total Investment Projects	\$381,680	\$664,046	(\$282,366)	
	Total Company Expenditures Less DV	\$2,053,778	\$2,522,806	(\$469,029)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Dec - 12	Dec - 12		
DV	Developer Projects Funded by Others	\$100,589	\$130,430	(\$29,841)	
A	Mains - New	\$9,847	\$684,150	(\$674,303)	KY 607 project construction was delayed
B	Mains - Replaced / Restored	\$15,470	\$577,792	(\$562,322)	Replacement projects delayed due to various issues with design and construction issues
C	Mains - Unscheduled	\$99,235	\$32,275	\$66,959	
D	Mains - Relocated	\$0	\$278,000	(\$278,000)	No projects were identified from the city or state as originally planned.
E	Hydrants, Valves, and Manholes - New	\$5,119	\$11,231	(\$6,112)	
F	Hydrants, Valves, and Manholes - Replaced	\$6,044	(\$5,725)	\$11,769	
G	Services and Laterals - New	\$4,498	\$85,268	(\$80,769)	Number of new service request less than originally planned
H	Services and Laterals - Replaced	\$25,419	\$90,886	(\$65,468)	
I	Meters - New	(\$59,969)	\$111,581	(\$171,550)	
J	Meters - Replaced	\$1,474,367	\$1,431,975	\$42,392	
K	ITS Equipment and Systems	\$87,499	\$113,320	(\$25,821)	
L	SCADA Equipment and Systems	\$361,107	\$479,328	(\$118,221)	Some work was available to be completed ahead of schedule
M	Security Equipment and Systems	\$144	\$3,502	(\$3,358)	
N	Offices and Operations Centers	\$87,993	(\$5,449)	\$93,442	
O	Vehicles	\$556,953	\$70,670	\$486,284	
P	Tools and Equipment	(\$8,914)	\$89,128	(\$98,042)	
Q	Process Plant Facilities and Equipment	\$815,110	\$247,991	\$567,119	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$3,262	\$19,381	(\$16,119)	
	Subtotal	\$3,583,771	\$4,445,733	(\$861,962)	
	Less Item DV	\$100,589	\$130,430	(\$29,841)	
	Total Item A - S	\$3,483,183	\$4,315,304	(\$832,121)	
12020607	New WTP On Pool 3 of Kentucky (112-020001)	\$0	(\$1,590)	\$1,590	
IP-1202-38	Russell Cave Rd Main Extension (112-020027)	(\$11,733)	\$4,101	(\$15,834)	
IP-1202-18	US 25 Relocation (112-020009)	\$100,936	\$32,993	\$67,942	
IP-1202-19	Leestown Road (112-020010)	\$137,686	\$204,773	(\$67,087)	Awaiting approval of final alignment from KTC to begin construction, minor design changes during period. Project delayed until 2013
IP-1202-36	Pump Efficiency Replacement (112-020025)	\$824,547	\$1,187,592	(\$363,045)	Project delayed due to design changes.
IP-1202-9	Todds and Cleveland Rd Main Extension (112-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (112-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (112-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (112-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (112-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (112-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (112-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (112-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (112-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	(\$193,111)	\$3,236,090	(\$3,429,201)	Awaiting PSC approval to proceed, project delayed from original schedule
IP-1233-1	Owenton WWTP Phosphorous (112-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (112-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (112-010003)	\$59,000	(\$297,928)	\$356,927	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$253,122	\$244,784	\$8,338	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$48,516	\$13,602	\$34,914	
	Total Investment Projects	\$1,218,962	\$4,624,417	(\$3,405,455)	
	Total Company Expenditures Less DV	\$4,702,145	\$8,939,721	(\$4,237,576)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

		YTD	YTD	YTD	
Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Dec - 12	Dec - 12		
DV	Developer Projects Funded by Others	\$2,252,402	\$2,298,415	(\$46,013)	
A	Mains - New	\$52,013	\$940,214	(\$888,201)	KY 607 project construction was delayed
B	Mains - Replaced / Restored	\$673,049	\$1,737,269	(\$1,064,220)	Replacement projects delayed due to various issues with design and construction issues and allow for acceleration of AMR Program
C	Mains - Unscheduled	\$372,392	\$238,948	\$133,444	
D	Mains - Relocated	(\$75,499)	\$302,501	(\$378,000)	No projects were identified from the city or state as originally planned.
E	Hydrants, Valves, and Manholes - New	\$93,539	\$105,343	(\$11,804)	
F	Hydrants, Valves, and Manholes - Replaced	\$229,888	\$187,511	\$42,377	
G	Services and Laterals - New	\$910,629	\$1,092,624	(\$181,995)	Number of new service request less than originally planned
H	Services and Laterals - Replaced	\$449,290	\$575,012	(\$125,722)	
I	Meters - New	\$894,302	\$933,276	(\$38,974)	
J	Meters - Replaced	\$3,601,691	\$3,079,732	\$521,959	Acceleration of AMR Program due to reduction of the Mains Replaced
K	ITS Equipment and Systems	\$712,828	\$739,869	(\$27,041)	
L	SCADA Equipment and Systems	\$1,029,901	\$1,041,205	(\$11,304)	
M	Security Equipment and Systems	\$21,266	\$21,010	\$256	
N	Offices and Operations Centers	\$465,362	\$303,269	\$162,093	
O	Vehicles	\$925,249	\$565,953	\$359,296	Due to reduction of new mains and mains relocated vehicles were ordered ahead of schedule
P	Tools and Equipment	\$243,251	\$370,776	(\$127,525)	
Q	Process Plant Facilities and Equipment	\$1,962,058	\$1,398,177	\$563,881	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	(\$267,774)	\$22,820	(\$290,594)	
	Subtotal	\$14,545,836	\$15,953,924	(\$1,408,088)	
	Less Item DV	\$2,252,402	\$2,298,415	(\$46,013)	
	Total Item A - S	\$12,293,434	\$13,655,509	(\$1,362,075)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$2,854	\$12,164	(\$9,310)	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$89,292	\$38,190	\$51,102	
IP-1202-18	US 25 Relocation (I12-020009)	\$1,225,541	\$1,180,167	\$45,374	
IP-1202-19	Leestown Road (I12-020010)	\$228,927	\$423,657	(\$194,730)	Awaiting approval of final alignment from KTC to begin construction, minor design changes during period. Project delayed until 2013
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$953,765	\$1,586,657	(\$632,892)	Project delayed due to design changes. Project expected to begin in 2013
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	(\$346,828)	(\$343,665)	(\$3,163)	
IP-1232-5	Northern Division Connection (12-300003)	\$3,978,519	\$3,892,186	\$86,333	Awaiting PSC approval to proceed, project delayed from original schedule. Project incorrect accrual from October had still not been corrected by the end of the year.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$5,255	\$0	\$5,255	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	(\$214)	\$0	(\$214)	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$3,835,463	\$4,541,477	(\$706,014)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$562,289	\$419,385	\$142,904	
	Total Investment Projects	\$10,534,863	\$11,750,218	(\$1,215,355)	
	Total Company Expenditures Less DV	\$22,828,296	\$25,405,727	(\$2,577,431)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Jan - 13	Jan - 13		
DV	Developer Projects Funded by Others	\$103,819	\$84,040	\$19,779	
A	Mains - New	\$32	\$0	\$32	
B	Mains - Replaced / Restored	\$43,260	\$6,705	\$36,555	
C	Mains - Unscheduled	\$12,669	\$21,162	(\$8,493)	
D	Mains - Relocated	\$0	\$0	\$0	
E	Hydrants, Valves, and Manholes - New	(\$8,295)	\$0	(\$8,295)	
F	Hydrants, Valves, and Manholes - Replaced	\$28,599	\$17,859	\$10,740	
G	Services and Laterals - New	\$79,981	\$69,333	\$10,648	
H	Services and Laterals - Replaced	(\$5,665)	\$64,040	(\$69,705)	
I	Meters - New	\$34,132	\$24,267	\$9,865	
J	Meters - Replaced	\$254,975	\$15,758	\$239,217	AMR Program ahead of schedule
K	ITS Equipment and Systems	\$106,563	\$0	\$106,563	
L	SCADA Equipment and Systems	(\$22,040)	\$0	(\$22,040)	
M	Security Equipment and Systems	\$1,631	\$0	\$1,631	
N	Offices and Operations Centers	(\$4,000)	\$0	(\$4,000)	
O	Vehicles	\$22,524	\$0	\$22,524	
P	Tools and Equipment	\$95,507	\$0	\$95,507	
Q	Process Plant Facilities and Equipment	\$150,497	\$0	\$150,497	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$2,360	\$0	\$2,360	
	Subtotal	\$896,548	\$303,164	\$593,384	
	Less Item DV	\$103,819	\$84,040	\$19,779	
	Total Item A - S	\$792,729	\$219,124	\$573,605	
12020607	New WTP On Pool 3 of Kentucky (112-020001)	\$6,360	\$0	\$6,360	
IP-1202-38	Russell Cave Rd Main Extension (112-020027)	\$11,615	\$0	\$11,615	
IP-1202-18	US 25 Relocation (112-020009)	(\$58,318)	\$0	(\$58,318)	
IP-1202-19	Leestown Road (112-020010)	(\$278,651)	\$50,000	(\$328,651)	Awaiting approval of final alignment from KTC to begin construction. Reversal of incorrect accrual from 2012
IP-1202-36	Pump Efficiency Replacement (112-020025)	(\$562,487)	\$236,596	(\$799,084)	Project delayed due to design changes. Reversal of incorrect accrual from 2012
IP-1202-9	Todds and Cleveland Rd Main Extension (112-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (112-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (112-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (112-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (112-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (112-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (112-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (112-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (112-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	(\$2,933,335)	\$215,236	(\$3,148,571)	Reversal of incorrect material accrual from October 2012
IP-1233-1	Owenton WWTP Phosphorous (112-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (112-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (112-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$0	\$0	\$0	
I12-020033	KY 341 Interconnect	\$0	\$0	\$0	
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$313,179	\$322,430	(\$9,251)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$26,028	\$9,246	\$16,782	
	Total Investment Projects	(\$3,475,611)	\$833,508	(\$4,309,119)	
	Total Company Expenditures Less DV	(\$2,682,882)	\$1,052,632	(\$3,735,514)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Feb - 13	Feb - 13		
DV	Developer Projects Funded by Others	\$100,561	\$131,313	(\$30,752)	
A	Mains - New	\$257,522	\$0	\$257,522	KY 607 project construction begins
B	Mains - Replaced / Restored	\$4,530	\$15,758	(\$11,228)	
C	Mains - Unscheduled	\$68,431	\$21,010	\$47,421	
D	Mains - Relocated	\$0	\$0	\$0	
E	Hydrants, Valves, and Manholes - New	\$19,562	\$5,253	\$14,309	
F	Hydrants, Valves, and Manholes - Replaced	\$90,162	\$17,859	\$72,303	
G	Services and Laterals - New	\$113,722	\$73,535	\$40,187	
H	Services and Laterals - Replaced	\$66,799	\$79,798	(\$12,999)	
I	Meters - New	\$52,421	\$25,737	\$26,684	
J	Meters - Replaced	\$1,413,713	\$309,855	\$1,103,858	AMR Program ahead of schedule
K	ITS Equipment and Systems	(\$144,725)	\$0	(\$144,725)	
L	SCADA Equipment and Systems	\$320	\$0	\$320	
M	Security Equipment and Systems	(\$15)	\$0	(\$15)	
N	Offices and Operations Centers	\$125	\$0	\$125	
O	Vehicles	(\$77,191)	\$0	(\$77,191)	
P	Tools and Equipment	\$38,189	\$10,505	\$27,684	
Q	Process Plant Facilities and Equipment	\$33,054	\$0	\$33,054	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$14,057	\$0	\$14,057	
	Subtotal	\$2,051,237	\$690,623	\$1,360,614	
	Less Item DV	\$100,561	\$131,313	(\$30,752)	
	Total Item A - S	\$1,950,677	\$559,310	\$1,391,367	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$5,835	\$0	\$5,835	
IP-1202-18	US 25 Relocation (I12-020009)	\$81,676	\$0	\$81,676	
IP-1202-19	Leestown Road (I12-020010)	(\$20,783)	\$50,000	(\$70,783)	Awaiting approval of final alignment from KTC to begin construction.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$70,529	\$200,000	(\$129,471)	Project delayed due to design changes. Reversal of incorrect accrual from 2012
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$18,914	\$250,000	(\$231,086)	Project behind original spending schedule
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$0	\$0	\$0	
I12-020033	KY 341 Interconnect	\$0	\$0	\$0	
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$267,534	\$355,801	(\$88,267)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$24,638	\$9,269	\$15,369	
	Total Investment Projects	\$448,341	\$865,070	(\$416,729)	
	Total Company Expenditures Less DV	\$2,399,018	\$1,424,380	\$974,638	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Mar - 13	Mar - 13		
DV	Developer Projects Funded by Others	\$109,174	\$152,323	(\$43,149)	
A	Mains - New	\$204,782	\$0	\$204,782	KY 607 project construction was originally budgeted in 2012
B	Mains - Replaced / Restored	\$8,829	\$87,778	(\$78,949)	
C	Mains - Unscheduled	\$16,664	\$34,768	(\$18,104)	
D	Mains - Relocated	\$0	\$0	\$0	
E	Hydrants, Valves, and Manholes - New	\$48,745	\$10,505	\$38,240	
F	Hydrants, Valves, and Manholes - Replaced	\$122,354	\$33,617	\$88,737	
G	Services and Laterals - New	\$24,186	\$93,495	(\$69,309)	
H	Services and Laterals - Replaced	\$69,663	\$89,555	(\$19,892)	
I	Meters - New	\$29,629	\$31,620	(\$1,991)	
J	Meters - Replaced	\$728,953	\$81,939	\$647,014	AMR Program ahead of schedule
K	ITS Equipment and Systems	(\$52,376)	\$16,000	(\$68,376)	
L	SCADA Equipment and Systems	\$224,076	\$321,658	(\$97,582)	
M	Security Equipment and Systems	\$237	\$0	\$237	
N	Offices and Operations Centers	(\$6,324)	\$0	(\$6,324)	
O	Vehicles	\$24,390	\$0	\$24,390	
P	Tools and Equipment	\$5,742	\$13,657	(\$7,915)	
Q	Process Plant Facilities and Equipment	\$47,616	\$41,495	\$6,121	
R	Capitalized Tank Rehabilitation / Painting		\$0	\$0	
S	Engineering Studies	\$15,411	\$0	\$15,411	
	Subtotal	\$1,621,749	\$1,008,410	\$613,339	
	Less Item DV	\$109,174	\$152,323	(\$43,149)	
	Total Item A - S	\$1,512,574	\$856,087	\$656,487	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$2,799	\$0	\$2,799	
IP-1202-18	US 25 Relocation (I12-020009)	(\$1,454)	\$0	(\$1,454)	
IP-1202-19	Leestown Road (I12-020010)	\$48,947	\$150,000	(\$101,053)	Awaiting approval of final alignment from KTC to begin construction.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$118,651	\$20,000	\$98,651	Project delayed due to design changes. Reversal of incorrect accrual from 2012
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (I2-300003)	\$113,476	\$420,850	(\$307,374)	Received PSC approval in February 2013. Project has started construction but is behind original spending schedule
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$0	\$0	\$0	
I12-020033	KY 341 Interconnect	\$0	\$0	\$0	
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$284,526	\$204,510	\$80,016	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$33,611	\$9,292	\$24,319	
	Total Investment Projects	\$600,556	\$804,652	(\$204,096)	
	Total Company Expenditures Less DV	\$2,113,131	\$1,660,739	\$452,392	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Apr - 13	Apr - 13		
DV	Developer Projects Funded by Others	\$253,271	\$162,828	\$90,443	
A	Mains - New	\$19,452	\$10,505	\$8,947	
B	Mains - Replaced / Restored	\$92,924	\$110,303	(\$17,379)	
C	Mains - Unscheduled	\$15,817	\$14,707	\$1,110	
D	Mains - Relocated	\$0	\$5,253	(\$5,253)	
E	Hydrants, Valves, and Manholes - New	\$18,390	\$22,586	(\$4,196)	
F	Hydrants, Valves, and Manholes - Replaced	\$19,217	\$16,809	\$2,408	
G	Services and Laterals - New	(\$11,479)	\$95,324	(\$106,803)	
H	Services and Laterals - Replaced	\$82,643	\$86,654	(\$4,011)	
I	Meters - New	\$21,811	\$48,639	(\$26,828)	
J	Meters - Replaced	\$323,444	\$459,594	(\$136,150)	
K	ITS Equipment and Systems	\$113,639	\$112,227	\$1,412	
L	SCADA Equipment and Systems	\$14,699	\$10,505	\$4,194	
M	Security Equipment and Systems	\$2,256	\$0	\$2,256	
N	Offices and Operations Centers	(\$121)	\$0	(\$121)	
O	Vehicles	\$0	\$0	\$0	
P	Tools and Equipment	\$0	\$47,273	(\$47,273)	
Q	Process Plant Facilities and Equipment	\$150,321	\$191,745	(\$41,424)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$44,869	\$0	\$44,869	
	Subtotal	\$1,161,154	\$1,394,952	(\$233,798)	
	Less Item DV	\$253,271	\$162,828	\$90,443	
	Total Item A - S	\$907,883	\$1,232,124	(\$324,241)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$2,548	\$0	\$2,548	
IP-1202-18	US 25 Relocation (I12-020009)	(\$112,680)	\$0	(\$112,680)	
IP-1202-19	Leestown Road (I12-020010)	(\$436)	\$150,000	(\$150,436)	Final alignment from KTC has been received and construction has started.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$457,989	\$50,000	\$407,989	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,447,001	\$1,045,487	\$401,514	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$0	\$0	\$0	
I12-020033	KY 341 Interconnect	\$7,404	\$0	\$7,404	
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$241,046	\$203,083	\$37,963	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$14,815	\$2,225	\$12,590	
	Total Investment Projects	\$2,057,687	\$1,450,795	\$606,891	
	Total Company Expenditures Less DV	\$2,965,569	\$2,682,919	\$282,650	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		May - 13	May - 13		
DV	Developer Projects Funded by Others	\$225,514	\$173,333	\$52,181	
A	Mains - New	\$46,986	\$26,263	\$20,723	
B	Mains - Replaced / Restored	\$109,598	\$188,080	(\$78,482)	
C	Mains - Unscheduled	\$92,371	\$21,010	\$71,361	
D	Mains - Relocated	\$0	\$10,505	(\$10,505)	
E	Hydrants, Valves, and Manholes - New	\$22,413	\$26,263	(\$3,850)	
F	Hydrants, Valves, and Manholes - Replaced	\$17,165	\$16,809	\$356	
G	Services and Laterals - New	(\$286,568)	\$101,623	(\$388,191)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$79,919	\$93,071	(\$13,153)	
I	Meters - New	\$30,433	\$59,879	(\$29,446)	
J	Meters - Replaced	\$4,803	\$576,443	(\$571,640)	AMR work planned for period has already been completed
K	ITS Equipment and Systems	\$72,097	\$70,703	\$1,394	
L	SCADA Equipment and Systems	\$45,358	\$4,727	\$40,631	
M	Security Equipment and Systems	\$23	\$0	\$23	
N	Offices and Operations Centers	\$7,773	\$21,010	(\$13,237)	
O	Vehicles	(\$3,694)	\$52,525	(\$56,219)	
P	Tools and Equipment	\$325,342	\$115,556	\$209,786	
Q	Process Plant Facilities and Equipment	\$72,942	\$52,525	\$20,417	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	(\$26,639)	\$0	(\$26,639)	
	Subtotal	\$835,834	\$1,610,325	(\$774,491)	
	Less Item DV	\$225,514	\$173,333	\$52,181	
	Total Item A - S	\$610,321	\$1,436,992	(\$826,671)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$14,019	\$0	\$14,019	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$3,589	\$0	\$3,589	
IP-1202-18	US 25 Relocation (I12-020009)	(\$14,647)	\$0	(\$14,647)	
IP-1202-19	Leestown Road (I12-020010)	\$103,106	\$40,000	\$63,106	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$425,297	\$50,000	\$375,297	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,822,824	\$1,072,489	\$750,335	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	(\$5,255)	\$0	(\$5,255)	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$0	\$0	\$0	
I12-020033	KY 341 Interconnect	\$13,778	\$0	\$13,778	
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$122,197	\$109,431	\$12,766	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$21,347	\$2,225	\$19,122	
	Total Investment Projects	\$2,506,255	\$1,274,145	\$1,232,110	
	Total Company Expenditures Less DV	\$3,116,576	\$2,711,137	\$405,439	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Jun - 13	Jun - 13		
DV	Developer Projects Funded by Others	\$101,460	\$204,848	(\$103,388)	
A	Mains - New	\$21,685	\$31,516	(\$9,831)	
B	Mains - Replaced / Restored	\$88,582	\$250,100	(\$161,518)	
C	Mains - Unscheduled	\$24,277	\$18,909	\$5,368	
D	Mains - Relocated	\$0	\$31,516	(\$31,516)	
E	Hydrants, Valves, and Manholes - New	\$6,934	\$21,010	(\$14,076)	
F	Hydrants, Valves, and Manholes - Replaced	\$120,357	\$27,314	\$93,043	
G	Services and Laterals - New	(\$1,864)	\$103,724	(\$105,588)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$48,636	\$91,981	(\$43,345)	
I	Meters - New	\$66,561	\$65,131	\$1,430	
J	Meters - Replaced	\$5,285	\$513,845	(\$508,560)	AMR work planned for period has already been completed
K	ITS Equipment and Systems	(\$38,494)	\$0	(\$38,494)	
L	SCADA Equipment and Systems	\$606	\$0	\$606	
M	Security Equipment and Systems	\$23	\$21,010	(\$20,987)	
N	Offices and Operations Centers	\$7,050	\$0	\$7,050	
O	Vehicles	\$58,039	\$0	\$58,039	
P	Tools and Equipment	\$45,679	\$10,505	\$35,174	
Q	Process Plant Facilities and Equipment	\$60,834	\$261,778	(\$200,944)	
R	Capitalized Tank Rehabilitation / Painting		\$0	\$0	
S	Engineering Studies	\$3,873	\$0	\$3,873	
	Subtotal	\$619,523	\$1,653,187	(\$1,033,664)	
	Less Item DV	\$101,460	\$204,848	(\$103,388)	
	Total Item A - S	\$518,063	\$1,448,339	(\$930,276)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$3,612	\$0	\$3,612	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$323,097	\$0	\$323,097	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$414,174	\$125,000	\$289,174	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,298,971	\$1,099,535	\$199,436	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$588	\$0	\$588	
I12-020033	KY 341 Interconnect	\$5,756	\$0	\$5,756	
I12-020034	RRS Chlorine Scrubber	\$6,448	\$0	\$6,448	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$146,578	\$107,421	\$39,157	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$9,414	\$2,225	\$7,189	
	Total Investment Projects	\$2,208,639	\$1,334,181	\$874,457	
	Total Company Expenditures Less DV	\$2,726,702	\$2,782,520	(\$55,819)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Jul - 13	Jul - 13		
DV	Developer Projects Funded by Others	\$397,351	\$206,948	\$190,403	
A	Mains - New	\$75,873	\$57,778	\$18,095	
B	Mains - Replaced / Restored	\$185,796	\$276,867	(\$91,071)	
C	Mains - Unscheduled	\$18,772	\$15,758	\$3,014	
D	Mains - Relocated	\$0	\$61,980	(\$61,980)	
E	Hydrants, Valves, and Manholes - New	\$3,337	\$26,263	(\$22,926)	
F	Hydrants, Valves, and Manholes - Replaced	\$78,543	\$29,414	\$49,129	
G	Services and Laterals - New	(\$39,302)	\$95,742	(\$135,044)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$45,158	\$99,121	(\$53,963)	
I	Meters - New	\$102,908	\$59,879	\$43,029	
J	Meters - Replaced	\$13,355	\$221,468	(\$208,113)	AMR work planned for period has already been completed
K	ITS Equipment and Systems	\$6,183	\$43,087	(\$36,904)	
L	SCADA Equipment and Systems	\$104,943	\$26,263	\$78,680	
M	Security Equipment and Systems	\$5,413	\$26,263	(\$20,850)	
N	Offices and Operations Centers	\$0	\$21,010	(\$21,010)	
O	Vehicles	\$242,423	\$330,908	(\$88,485)	
P	Tools and Equipment	\$0	\$5,253	(\$5,253)	
Q	Process Plant Facilities and Equipment	\$166,333	\$183,838	(\$17,505)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$5,499	\$0	\$5,499	
	Subtotal	\$1,412,587	\$1,787,840	(\$375,253)	
	Less Item DV	\$397,351	\$206,948	\$190,403	
	Total Item A - S	\$1,015,236	\$1,580,892	(\$565,656)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$3,635	\$0	\$3,635	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$331,602	\$0	\$331,602	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$565,173	\$125,000	\$440,173	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,578,934	\$1,085,050	\$493,884	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$1,336	\$0	\$1,336	
I12-020033	KY 341 Interconnect	\$21,779	\$0	\$21,779	
I12-020034	RRS Chlorine Scrubber	\$10,405	\$0	\$10,405	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$189,820	\$125,738	\$64,082	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	(\$3,395)	\$2,225	(\$5,620)	
	Total Investment Projects	\$2,699,288	\$1,338,013	\$1,361,275	
	Total Company Expenditures Less DV	\$3,714,525	\$2,918,905	\$795,619	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Aug - 13	Aug - 13		
DV	Developer Projects Funded by Others	\$33,577	\$199,595	(\$166,018)	
A	Mains - New	\$119,692	\$52,526	\$67,166	
B	Mains - Replaced / Restored	\$163,143	\$278,383	(\$115,240)	
C	Mains - Unscheduled	\$10,926	\$24,162	(\$13,236)	
D	Mains - Relocated	(\$12,579)	\$84,040	(\$96,619)	
E	Hydrants, Valves, and Manholes - New	\$20,176	\$27,996	(\$7,820)	
F	Hydrants, Valves, and Manholes - Replaced	\$38,587	\$23,112	\$15,475	
G	Services and Laterals - New	\$77,178	\$101,318	(\$24,140)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$65,628	\$92,818	(\$27,190)	
I	Meters - New	\$120,471	\$46,747	\$73,724	
J	Meters - Replaced	\$26,398	\$97,697	(\$71,299)	AMR work planned for period has already been completed
K	ITS Equipment and Systems	\$92,229	\$0	\$92,229	
L	SCADA Equipment and Systems	\$26,445	\$321,658	(\$295,213)	Project delayed during this period
M	Security Equipment and Systems	\$5,830	\$26,263	(\$20,433)	
N	Offices and Operations Centers	\$0	\$0	\$0	
O	Vehicles	\$201,113	\$0	\$201,113	
P	Tools and Equipment	\$125,417	\$105,048	\$20,369	
Q	Process Plant Facilities and Equipment	\$63,028	\$125,212	(\$62,184)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$1,071	\$10,505	(\$9,434)	
	Subtotal	\$1,178,332	\$1,617,080	(\$438,748)	
	Less Item DV	\$33,577	\$199,595	(\$166,018)	
	Total Item A - S	\$1,144,755	\$1,417,485	(\$272,730)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$1,841	\$0	\$1,841	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$318,402	\$0	\$318,402	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$223,489	\$25,000	\$198,489	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,219,630	\$1,085,050	\$134,580	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$402	\$0	\$402	
I12-020033	KY 341 Interconnect	\$15,429	\$0	\$15,429	
I12-020034	RRS Chlorine Scrubber	\$18,949	\$0	\$18,949	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$137,580	\$121,423	\$16,158	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$6,580	\$2,225	\$4,355	
	Total Investment Projects	\$1,942,302	\$1,233,698	\$708,605	
	Total Company Expenditures Less DV	\$3,087,058	\$2,651,183	\$435,875	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Sep - 13	Sep - 13		
DV	Developer Projects Funded by Others	\$172,152	\$173,333	(\$1,181)	
A	Mains - New	\$32,743	\$34,667	(\$1,924)	
B	Mains - Replaced / Restored	\$304,142	\$288,888	\$15,254	
C	Mains - Unscheduled	\$39,906	\$21,010	\$18,896	
D	Mains - Relocated	\$167,840	\$105,050	\$62,790	
E	Hydrants, Valves, and Manholes - New	\$6,952	\$21,010	(\$14,058)	
F	Hydrants, Valves, and Manholes - Replaced	\$33,808	\$27,314	\$6,494	
G	Services and Laterals - New	(\$29,790)	\$94,545	(\$124,335)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$86,952	\$71,434	\$15,518	
I	Meters - New	\$50,251	\$36,768	\$13,483	
J	Meters - Replaced	\$25,974	\$22,061	\$3,913	
K	ITS Equipment and Systems	\$20,022	\$73,788	(\$53,766)	
L	SCADA Equipment and Systems	\$189,914	\$107,219	\$82,695	
M	Security Equipment and Systems	\$774	\$52,525	(\$51,751)	
N	Offices and Operations Centers	(\$6,571)	\$0	(\$6,571)	
O	Vehicles	(\$763)	\$0	(\$763)	
P	Tools and Equipment	\$15,030	\$0	\$15,030	
Q	Process Plant Facilities and Equipment	\$238,117	\$219,745	\$18,372	
R	Capitalized Tank Rehabilitation / Painting		\$0	\$0	
S	Engineering Studies	(\$9,789)	\$10,505	(\$20,294)	
	Subtotal	\$1,337,663	\$1,359,862	(\$22,199)	
	Less Item DV	\$172,152	\$173,333	(\$1,181)	
	Total Item A - S	\$1,165,511	\$1,186,529	(\$21,018)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$9,000	\$0	\$9,000	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$3,288	\$0	\$3,288	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$216,135	\$0	\$216,135	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$232,253	\$0	\$232,253	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$2,302,219	\$1,085,050	\$1,217,169	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$76	\$0	\$76	
I12-020033	KY 341 Interconnect	\$7,029	\$0	\$7,029	
I12-020034	RRS Chlorine Scrubber	\$5,275	\$0	\$5,275	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$124,556	\$115,572	\$8,984	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$7,442	\$2,225	\$5,217	
	Total Investment Projects	\$2,907,271	\$1,202,847	\$1,704,424	
	Total Company Expenditures Less DV	\$4,072,782	\$2,389,376	\$1,683,406	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Oct - 13	Oct - 13		
DV	Developer Projects Funded by Others	\$191,536	\$195,979	(\$4,443)	
A	Mains - New	\$37,847	\$15,736	\$22,111	
B	Mains - Replaced / Restored	\$423,576	\$204,848	\$218,728	
C	Mains - Unscheduled	\$25,860	\$32,566	(\$6,706)	
D	Mains - Relocated	\$63,649	\$105,050	(\$41,401)	
E	Hydrants, Valves, and Manholes - New	(\$4,967)	\$12,186	(\$17,153)	
F	Hydrants, Valves, and Manholes - Replaced	\$54,525	\$69,334	(\$14,809)	
G	Services and Laterals - New	(\$2,476)	\$78,788	(\$81,264)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$50,364	\$85,518	(\$35,154)	
I	Meters - New	\$85,544	\$40,969	\$44,575	
J	Meters - Replaced	\$5,918	\$23,112	(\$17,194)	
K	ITS Equipment and Systems	(\$3,465)	\$0	(\$3,465)	
L	SCADA Equipment and Systems	\$186,862	\$107,219	\$79,643	
M	Security Equipment and Systems	\$3,811	\$52,525	(\$48,714)	
N	Offices and Operations Centers	\$6,721	\$21,010	(\$14,289)	
O	Vehicles	\$6,371	\$0	\$6,371	
P	Tools and Equipment	\$304	\$0	\$304	
Q	Process Plant Facilities and Equipment	\$144,599	\$179,595	(\$34,996)	
R	Capitalized Tank Rehabilitation / Painting		\$0	\$0	
S	Engineering Studies	\$1,664	\$10,505	(\$8,841)	
	Subtotal	\$1,278,243	\$1,234,940	\$43,303	
	Less Item DV	\$191,536	\$195,979	(\$4,443)	
	Total Item A - S	\$1,086,706	\$1,038,961	\$47,745	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$197	\$0	\$197	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$107,699	\$0	\$107,699	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$280,865	\$0	\$280,865	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,962,356	\$1,085,050	\$877,306	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$23,844	\$0	\$23,844	Project not originally planned for 2013. Due to concerns with original filter building project added to 2013
I12-020033	KY 341 Interconnect	\$4,219	\$0	\$4,219	
I12-020034	RRS Chlorine Scrubber	\$8,081	\$0	\$8,081	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$119,433	\$111,740	\$7,693	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$3,664	\$2,225	\$1,439	
	Total Investment Projects	\$2,510,359	\$1,199,015	\$1,311,344	
	Total Company Expenditures Less DV	\$3,597,065	\$2,237,976	\$1,359,089	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual 13-Nov	Per 2012-00520 13-Nov	Difference	Note
DV	Developer Projects Funded by Others	\$137,998	\$231,313	(\$93,315)	
A	Mains - New	\$27,487	\$10,505	\$16,982	
B	Mains - Replaced / Restored	\$241,709	\$170,425	\$71,284	
C	Mains - Unscheduled	\$27,441	\$25,212	\$2,229	
D	Mains - Relocated	(\$11,540)	\$52,525	(\$64,065)	
E	Hydrants, Valves, and Manholes - New	\$6,005	\$6,671	(\$666)	
F	Hydrants, Valves, and Manholes - Replaced	\$9,561	\$10,506	(\$945)	
G	Services and Laterals - New	(\$28,491)	\$66,180	(\$94,671)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$47,080	\$63,030	(\$15,950)	
I	Meters - New	\$59,767	\$38,868	\$20,899	
J	Meters - Replaced	(\$114,850)	\$19,960	(\$134,810)	
K	ITS Equipment and Systems	\$3,096	\$0	\$3,096	
L	SCADA Equipment and Systems	\$157,832	\$107,219	\$50,613	
M	Security Equipment and Systems	\$3,582	\$26,263	(\$22,681)	
N	Offices and Operations Centers	\$2,360	\$21,010	(\$18,650)	
O	Vehicles	\$1,960	\$157,575	(\$155,615)	
P	Tools and Equipment	\$4,072	\$0	\$4,072	
Q	Process Plant Facilities and Equipment	\$35,708	\$21,008	\$14,700	
R	Capitalized Tank Rehabilitation / Painting		\$0	\$0	
S	Engineering Studies	(\$34,886)	\$10,505	(\$45,391)	
	Subtotal	\$575,889	\$1,038,775	(\$462,886)	
	Less Item DV	\$137,998	\$231,313	(\$93,315)	
	Total Item A - S	\$437,891	\$807,462	(\$369,571)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	(\$1,507,445)	\$0	(\$1,507,445)	Reimbursement of relocation work performed during 2012
IP-1202-19	Leestown Road (I12-020010)	\$111,974	\$0	\$111,974	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$235,885	\$0	\$235,885	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$746,073	\$850,000	(\$103,927)	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$25,860	\$0	\$25,860	Project not originally planned for 2013. Due to concerns with original filter building project added to 2013
I12-020033	KY 341 Interconnect	\$6,555	\$0	\$6,555	
I12-020034	RRS Chlorine Scrubber	\$164,660	\$0	\$164,660	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$96,866	\$65,618	\$31,248	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$728	\$0	\$728	
	Total Investment Projects	(\$118,844)	\$915,618	(\$1,034,461)	
	Total Company Expenditures Less DV	\$319,047	\$1,723,079	(\$1,404,032)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Dec - 13	Dec - 13		
DV	Developer Projects Funded by Others	\$146,214	\$175,047	(\$28,833)	
A	Mains - New	\$5,754	\$10,503	(\$4,749)	
B	Mains - Replaced / Restored	(\$21,030)	\$96,228	(\$117,258)	
C	Mains - Unscheduled	\$16,232	\$19,957	(\$3,725)	
D	Mains - Relocated	(\$41,610)	\$24,160	(\$65,770)	
E	Hydrants, Valves, and Manholes - New	\$12,724	\$5,250	\$7,474	
F	Hydrants, Valves, and Manholes - Replaced	\$15,829	\$10,496	\$5,334	
G	Services and Laterals - New	(\$28,305)	\$52,525	(\$80,830)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$18,074	\$85,897	(\$67,823)	
I	Meters - New	\$93,974	\$25,736	\$68,239	
J	Meters - Replaced	\$3,090	\$21,007	(\$17,917)	
K	ITS Equipment and Systems	\$41,403	\$0	\$41,403	
L	SCADA Equipment and Systems	\$77,555	\$107,220	(\$29,665)	
M	Security Equipment and Systems	\$59,502	\$5,251	\$54,251	
N	Offices and Operations Centers	\$3,219	\$21,010	(\$17,791)	
O	Vehicles	(\$57)	\$0	(\$57)	
P	Tools and Equipment	\$0	\$0	\$0	
Q	Process Plant Facilities and Equipment	\$219,747	\$0	\$219,747	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$37,067	\$0	\$37,067	
	Subtotal	\$659,382	\$660,285	(\$903)	
	Less Item DV	\$146,214	\$175,047	(\$28,833)	
	Total Item A - S	\$513,168	\$485,238	\$27,930	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$23,461	\$0	\$23,461	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$108,444	\$0	\$108,444	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$1,343,349	\$500,000	\$843,349	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$2,151	\$0	\$2,151	Project not originally planned for 2013. Due to concerns with original filter building project added to 2013
I12-020033	KY 341 Interconnect	\$4,975	\$0	\$4,975	
I12-020034	RRS Chlorine Scrubber	\$77,547	\$0	\$77,547	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$312,676	\$64,273	\$248,404	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$729	\$0	\$729	
R12-01K3	ITS Centrally Sponsored	\$128,415	\$0	\$128,415	
	Total Investment Projects	\$1,873,332	\$564,273	\$1,309,059	
	Total Company Expenditures Less DV	\$2,386,500	\$1,049,510	\$1,336,989	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	YTD	YTD	YTD	Note
		Actual Dec - 13	Per 2012-00520 Dec - 13	Difference	
DV	Developer Projects Funded by Others	\$1,972,625	\$2,090,900	(\$118,275)	
A	Mains - New	\$849,856	\$249,999	\$599,857	KY 607 project was constructed in 2013 rather than when planned in 2012
B	Mains - Replaced / Restored	\$1,645,060	\$1,974,363	(\$329,303)	Reduction in spending to offset spending on KY607
C	Mains - Unscheduled	\$369,365	\$270,231	\$99,135	
D	Mains - Relocated	\$165,758	\$480,079	(\$314,321)	Reduction in spending to offset spending on KY607
E	Hydrants, Valves, and Manholes - New	\$151,975	\$184,993	(\$33,017)	
F	Hydrants, Valves, and Manholes - Replaced	\$628,707	\$300,443	\$328,265	
G	Services and Laterals - New	(\$133,208)	\$1,026,132	(\$1,159,340)	Tap fee contributions are being applied to this line during 2013
H	Services and Laterals - Replaced	\$655,250	\$1,002,917	(\$347,667)	
I	Meters - New	\$747,902	\$504,240	\$243,663	
J	Meters - Replaced	\$2,691,058	\$2,362,739	\$328,319	
K	ITS Equipment and Systems	\$216,174	\$315,805	(\$99,631)	
L	SCADA Equipment and Systems	\$1,006,570	\$1,113,688	(\$107,118)	
M	Security Equipment and Systems	\$83,068	\$210,100	(\$127,032)	
N	Offices and Operations Centers	\$10,231	\$105,050	(\$94,819)	
O	Vehicles	\$475,115	\$541,008	(\$65,893)	
P	Tools and Equipment	\$655,282	\$307,797	\$347,485	
Q	Process Plant Facilities and Equipment	\$1,382,796	\$1,276,941	\$105,855	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$54,556	\$42,020	\$12,536	
	Subtotal	\$13,628,140	\$14,359,442	(\$731,302)	
	Less Item DV	\$1,972,625	\$2,090,900	(\$118,275)	
	Total Item A - S	\$11,655,515	\$12,268,542	(\$613,027)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$29,379	\$0	\$29,379	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$38,957	\$0	\$38,957	
IP-1202-18	US 25 Relocation (I12-020009)	(\$1,612,868)	\$0	(\$1,612,868)	Reimbursement of relocation work performed during 2012
IP-1202-19	Leestown Road (I12-020010)	\$1,284,553	\$440,000	\$844,553	Project spend is not following original spending schedule due to delay.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$2,570,262	\$831,596	\$1,738,666	Project delayed due to design changes. Project spend is not following original spending schedule due to delay.
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$0	\$0	
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$0	\$0	
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$0	\$0	
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$0	\$0	
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$0	\$0	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (I2-300003)	\$10,920,412	\$9,793,797	\$1,126,615	Project is not following original spending schedule due to delay in the started of construction.
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	(\$5,255)	\$0	(\$5,255)	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$54,256	\$0	\$54,256	Project not originally planned for 2013. Due to concerns with original filter building project added to 2013
I12-020033	KY 341 Interconnect	\$86,925	\$0	\$86,925	
I12-020034	RRS Chlorine Scrubber	\$291,365	\$0	\$291,365	Project not originally planned for 2013.
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$2,355,991	\$1,907,040	\$448,952	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$145,601	\$43,382	\$102,219	
R12-01K3	ITS Centrally Sponsored	\$128,415	\$0	\$128,415	
	Total Investment Projects	\$16,287,991	\$13,015,815	\$3,272,175	
	Total Company Expenditures Less DV	\$27,943,505	\$25,284,357	\$2,659,148	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Jan - 14	Jan - 14		
DV	Developer Projects Funded by Others	\$152,331	\$84,040	\$68,291	
A	Mains - New	\$12,741	\$0	\$12,741	
B	Mains - Replaced / Restored	\$83,166	\$15,253	\$67,913	Projects able to begin ahead of schedule
C	Mains - Unscheduled	\$12,766	\$21,162	(\$8,396)	
D	Mains - Relocated	\$13,589	\$0	\$13,589	
E	Hydrants, Valves, and Manholes - New	\$19,029	\$0	\$19,029	
F	Hydrants, Valves, and Manholes - Replaced	(\$6,234)	\$17,859	(\$24,093)	
G	Services and Laterals - New	\$32,197	\$69,333	(\$37,136)	
H	Services and Laterals - Replaced	\$30,532	\$64,040	(\$33,508)	
I	Meters - New	\$8,332	\$24,267	(\$15,935)	
J	Meters - Replaced	\$20,166	\$15,758	\$4,408	
K	ITS Equipment and Systems	\$13,746	\$0	\$13,746	
L	SCADA Equipment and Systems	\$1,729	\$0	\$1,729	
M	Security Equipment and Systems	\$39,936	\$0	\$39,936	
N	Offices and Operations Centers	\$21	\$0	\$21	
O	Vehicles	\$0	\$0	\$0	
P	Tools and Equipment	\$0	\$0	\$0	
Q	Process Plant Facilities and Equipment	\$42,652	\$0	\$42,652	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$3,248	\$0	\$3,248	
	Subtotal	\$479,948	\$311,712	\$168,236	
	Less Item DV	\$152,331	\$84,040	\$68,291	
	Total Item A - S	\$327,616	\$227,672	\$99,944	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$16,467	\$0	\$16,467	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$1,082	\$0	\$1,082	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$55,382	(\$55,382)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$13,226	(\$13,226)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$29,035	(\$29,035)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$29,035	(\$29,035)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$29,035	(\$29,035)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$29,035	(\$29,035)	Project delayed
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$13,226	(\$13,226)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (I2-300003)	\$79,531	\$219,750	(\$140,219)	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$86	\$0	\$86	
I12-020033	KY 341 Interconnect	\$101,464	\$0	\$101,464	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$1,490	\$0	\$1,490	
I12-020017	KRS Valve House Rehabilitation	\$0	\$0	\$0	
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$113,760	\$38,834	\$74,927	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	(\$4)	\$0	(\$4)	
R12-01K3	ITS Centrally Sponsored	\$77,936	\$0	\$77,936	
	Total Investment Projects	\$391,813	\$456,558	(\$64,744)	
	Total Company Expenditures Less DV	\$719,430	\$684,230	\$35,200	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Feb - 14	Feb - 14		
DV	Developer Projects Funded by Others	\$206,249	\$131,313	\$74,936	
A	Mains - New	\$9,684	\$0	\$9,684	
B	Mains - Replaced / Restored	\$39,968	\$60,758	(\$20,790)	
C	Mains - Unscheduled	\$18,562	\$21,010	(\$2,448)	
D	Mains - Relocated	\$112,439	\$0	\$112,439	
E	Hydrants, Valves, and Manholes - New	\$19,539	\$5,253	\$14,286	
F	Hydrants, Valves, and Manholes - Replaced	\$69,273	\$17,859	\$51,414	
G	Services and Laterals - New	\$44,069	\$73,535	(\$29,466)	
H	Services and Laterals - Replaced	\$40,923	\$79,798	(\$38,875)	
I	Meters - New	\$9,816	\$25,737	(\$15,921)	
J	Meters - Replaced	\$16,748	\$309,855	(\$293,107)	Less meters replaced than planned due to weather
K	ITS Equipment and Systems	\$31,428	\$0	\$31,428	
L	SCADA Equipment and Systems	\$37	\$0	\$37	
M	Security Equipment and Systems	(\$9,668)	\$0	(\$9,668)	
N	Offices and Operations Centers	\$11	\$0	\$11	
O	Vehicles	\$0	\$0	\$0	
P	Tools and Equipment	\$0	\$0	\$0	
Q	Process Plant Facilities and Equipment	\$27,820	\$0	\$27,820	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$3,459	\$0	\$3,459	
	Subtotal	\$640,358	\$725,118	(\$84,760)	
	Less Item DV	\$206,249	\$131,313	\$74,936	
	Total Item A - S	\$434,109	\$593,805	(\$159,696)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$36,720	\$0	\$36,720	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$5,519	\$0	\$5,519	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$55,739	(\$55,739)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$18,581	(\$18,581)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$55,569	(\$55,569)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$55,569	(\$55,569)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$55,569	(\$55,569)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$0	\$29,222	(\$29,222)	Project delayed
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$13,312	(\$13,312)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$5,273	(\$5,273)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (I2-300003)	\$98,764	\$105,550	(\$6,786)	Placed in service, delay in cleanup due to weather
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$21,590	\$0	\$21,590	
I12-020033	KY 341 Interconnect	\$75,502	\$0	\$75,502	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$18,611	\$0	\$18,611	
I12-020017	KRS Valve House Rehabilitation	\$0	\$0	\$0	
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$18,066	\$37,851	(\$19,784)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	(\$14)	\$0	(\$14)	
R12-01K3	ITS Centrally Sponsored	\$57,327	\$0	\$57,327	
	Total Investment Projects	\$332,086	\$432,235	(\$100,148)	
	Total Company Expenditures Less DV	\$766,195	\$1,026,040	(\$259,844)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Mar - 14	Mar - 14		
DV	Developer Projects Funded by Others	\$415,135	\$152,323	\$262,812	
A	Mains - New	\$65,406	\$10,505	\$54,901	
B	Mains - Replaced / Restored	\$83,706	\$92,778	(\$9,072)	
C	Mains - Unscheduled	\$44,358	\$34,768	\$9,590	
D	Mains - Relocated	\$3,946	\$5,253	(\$1,307)	
E	Hydrants, Valves, and Manholes - New	\$7,272	\$21,010	(\$13,738)	
F	Hydrants, Valves, and Manholes - Replaced	\$45,254	\$33,617	\$11,637	
G	Services and Laterals - New	\$36,720	\$90,343	(\$53,623)	
H	Services and Laterals - Replaced	\$57,312	\$94,555	(\$37,243)	
I	Meters - New	\$25,545	\$31,620	(\$6,075)	
J	Meters - Replaced	\$149,194	\$81,939	\$67,255	Catch up from delay in replacing meters during Feb
K	ITS Equipment and Systems	\$4,826	\$38,781	(\$33,955)	
L	SCADA Equipment and Systems	\$38	\$0	\$38	
M	Security Equipment and Systems	\$3	\$0	\$3	
N	Offices and Operations Centers	\$0	\$0	\$0	
O	Vehicles	\$127,566	\$0	\$127,566	Vehicles not delivered as planned due to delay in order.
P	Tools and Equipment	\$59,593	\$10,505	\$49,088	
Q	Process Plant Facilities and Equipment	\$63,009	\$36,768	\$26,241	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$8,055	\$0	\$8,055	
	Subtotal	\$1,196,937	\$734,765	\$462,172	
	Less Item DV	\$415,135	\$152,323	\$262,812	
	Total Item A - S	\$781,802	\$582,442	\$199,360	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$13,500	\$0	\$13,500	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$80,477	\$0	\$80,477	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$589	\$0	\$589	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$161,487	(\$161,487)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$55,587	(\$55,587)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$29,580	(\$29,580)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$55,928	(\$55,928)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$29,580	(\$29,580)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$10,351	\$55,758	(\$45,407)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$13,397	(\$13,397)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$29,076	(\$29,076)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$29,268	\$78,585	(\$49,317)	Placed in service, delay in cleanup due to weather
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$42,226	\$0	\$42,226	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$8,779	\$0	\$8,779	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	(\$799)	\$0	(\$799)	
I12-020017	KRS Valve House Rehabilitation	\$0	\$0	\$0	
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$69,640	\$37,776	\$31,864	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$53	\$0	\$53	
R12-01K3	ITS Centrally Sponsored	\$39,053	\$0	\$39,053	
	Total Investment Projects	\$293,136	\$546,754	(\$253,618)	
	Total Company Expenditures Less DV	\$1,074,938	\$1,129,196	(\$54,258)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Apr - 14	Apr - 14		
DV	Developer Projects Funded by Others	\$147,072	\$162,828	(\$15,756)	
A	Mains - New	\$90,698	\$10,505	\$80,193	
B	Mains - Replaced / Restored	\$201,577	\$109,041	\$92,536	
C	Mains - Unscheduled	\$27,623	\$14,707	\$12,916	
D	Mains - Relocated	\$31,416	\$10,505	\$20,911	
E	Hydrants, Valves, and Manholes - New	(\$336)	\$23,111	(\$23,447)	
F	Hydrants, Valves, and Manholes - Replaced	\$74,367	\$16,809	\$57,558	
G	Services and Laterals - New	\$13,829	\$110,161	(\$96,332)	Behind compared to planned due to inclement weather earlier in the year.
H	Services and Laterals - Replaced	\$15,524	\$94,654	(\$79,130)	
I	Meters - New	\$13,765	\$48,639	(\$34,874)	
J	Meters - Replaced	\$124,756	\$459,594	(\$334,838)	Reduction in the amount of meter inventory has changed planned spending schedule
K	ITS Equipment and Systems	\$2,528	\$11,000	(\$8,472)	
L	SCADA Equipment and Systems	(\$1,337)	\$15,758	(\$17,095)	
M	Security Equipment and Systems	\$556	\$0	\$556	
N	Offices and Operations Centers	\$104,400	\$0	\$104,400	
O	Vehicles	\$105,945	\$0	\$105,945	Vehicles not delivered as planned due to delay in order.
P	Tools and Equipment	(\$380)	\$10,505	(\$10,885)	
Q	Process Plant Facilities and Equipment	\$241,080	\$168,080	\$73,000	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$71,341	\$0	\$71,341	
	Subtotal	\$1,264,425	\$1,265,897	(\$1,472)	
	Less Item DV	\$147,072	\$162,828	(\$15,756)	
	Total Item A - S	\$1,117,353	\$1,103,069	\$14,284	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$76,828	\$0	\$76,828	Project was planned to be complete in 2013 but has extended into 2014 due to initial project delays.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	(\$280)	\$0	(\$280)	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$57,140	(\$57,140)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$161,334	(\$161,334)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$29,771	(\$29,771)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$906	(\$906)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$736	(\$736)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$5,335	\$56,117	(\$50,782)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$13,484	(\$13,484)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$229	(\$229)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$30,000	(\$30,000)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$106,210	\$15,000	\$91,210	Placed in service, delay in cleanup due to weather
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$81,265	\$0	\$81,265	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$6,718	\$0	\$6,718	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$497	\$0	\$497	
I12-020017	KRS Valve House Rehabilitation	\$0	\$0	\$0	
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$39,393	\$0	\$39,393	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$10	\$0	\$10	
R12-01K3	ITS Centrally Sponsored	\$56,911	\$0	\$56,911	
	Total Investment Projects	\$372,887	\$364,717	\$8,170	
	Total Company Expenditures Less DV	\$1,490,240	\$1,467,786	\$22,454	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		May - 14	May - 14		
DV	Developer Projects Funded by Others	\$153,468	\$183,333	(\$29,865)	
A	Mains - New	\$102,123	\$26,263	\$75,860	
B	Mains - Replaced / Restored	\$181,211	\$203,080	(\$21,869)	
C	Mains - Unscheduled	(\$6,795)	\$21,010	(\$27,805)	
D	Mains - Relocated	\$156,999	\$15,758	\$141,241	
E	Hydrants, Valves, and Manholes - New	(\$3,879)	\$26,263	(\$30,142)	
F	Hydrants, Valves, and Manholes - Replaced	\$30,231	\$16,809	\$13,422	
G	Services and Laterals - New	\$70,181	\$115,565	(\$45,384)	Behind compared to planned due to inclement weather earlier in the year.
H	Services and Laterals - Replaced	(\$20,940)	\$101,071	(\$122,011)	
I	Meters - New	\$32,534	\$59,879	(\$27,345)	
J	Meters - Replaced	(\$955)	\$580,611	(\$581,566)	Reduction in the amount of meter inventory has changed planned spending schedule
K	ITS Equipment and Systems	\$53,082	\$32,615	\$20,467	
L	SCADA Equipment and Systems	\$38	\$0	\$38	
M	Security Equipment and Systems	\$1,736	\$0	\$1,736	
N	Offices and Operations Centers	\$91,274	\$21,010	\$70,264	
O	Vehicles	\$0	\$46,222	(\$46,222)	
P	Tools and Equipment	\$4,125	\$78,788	(\$74,663)	
Q	Process Plant Facilities and Equipment	\$216,619	\$151,750	\$64,869	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	(\$30,967)	\$0	(\$30,967)	
	Subtotal	\$1,030,084	\$1,680,027	(\$649,943)	
	Less Item DV	\$153,468	\$183,333	(\$29,865)	
	Total Item A - S	\$876,616	\$1,496,694	(\$620,078)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$1,590	\$0	\$1,590	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	(\$11,603)	\$0	(\$11,603)	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	(\$10,045)	\$0	(\$10,045)	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$2,127	(\$2,127)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$20,100	(\$20,100)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$36,838	(\$36,838)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$110,780	(\$110,780)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$106,130	(\$106,130)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$749	\$1,097	(\$348)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$345	(\$345)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$27,474	(\$27,474)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$50,000	(\$50,000)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	(\$60,950)	\$0	(\$60,950)	Placed in service, delay in cleanup due to weather
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$104,938	\$0	\$104,938	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$1,387	\$0	\$1,387	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	(\$928)	\$0	(\$928)	
I12-020017	KRS Valve House Rehabilitation	\$0	\$0	\$0	
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$31,967	\$0	\$31,967	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	(\$13)	\$0	(\$13)	
R12-01K3	ITS Centrally Sponsored	\$53,334	\$0	\$53,334	
	Total Investment Projects	\$110,426	\$354,891	(\$244,465)	
	Total Company Expenditures Less DV	\$987,042	\$1,851,585	(\$864,543)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Jun - 14	Jun - 14		
DV	Developer Projects Funded by Others	\$89,300	\$209,848	(\$120,548)	
A	Mains - New	\$21,078	\$31,516	(\$10,438)	
B	Mains - Replaced / Restored	\$446,358	\$256,403	\$189,955	Additional work during period to recover from delays caused by weather at beginning of year.
C	Mains - Unscheduled	\$22,731	\$21,010	\$1,721	
D	Mains - Relocated	\$322,245	\$57,778	\$264,467	Todds Road Relocation (LFUCG widening of Todds Road) not originally planned during 2014.
E	Hydrants, Valves, and Manholes - New	\$14,625	\$21,010	(\$6,385)	
F	Hydrants, Valves, and Manholes - Replaced	\$45,158	\$27,314	\$17,844	
G	Services and Laterals - New	\$86,071	\$111,565	(\$25,494)	
H	Services and Laterals - Replaced	\$27,164	\$96,981	(\$69,817)	
I	Meters - New	\$68,212	\$65,131	\$3,081	
J	Meters - Replaced	\$69,304	\$417,379	(\$348,075)	Reduction in the amount of meter inventory has changed planned spending schedule
K	ITS Equipment and Systems	\$27,514	\$8,371	\$19,143	
L	SCADA Equipment and Systems	\$38	\$26,263	(\$26,225)	
M	Security Equipment and Systems	\$11	\$10,505	(\$10,494)	
N	Offices and Operations Centers	\$97,860	\$0	\$97,860	
O	Vehicles	\$122,604	\$54,626	\$67,978	
P	Tools and Equipment	\$7,904	\$67,100	(\$59,196)	
Q	Process Plant Facilities and Equipment	\$275,817	\$204,848	\$70,969	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$3,236	\$0	\$3,236	
	Subtotal	\$1,747,229	\$1,687,648	\$59,581	
	Less Item DV	\$89,300	\$209,848	(\$120,548)	
	Total Item A - S	\$1,657,929	\$1,477,800	\$180,129	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$6,270	\$0	\$6,270	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	(\$59,805)	\$0	(\$59,805)	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$14,915	\$0	\$14,915	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$59,314	(\$59,314)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$58,907	(\$58,907)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$136,001	(\$136,001)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$243,231	(\$243,231)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$162,196	(\$162,196)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$387	\$58,278	(\$57,891)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$55,729	(\$55,729)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$82,137	(\$82,137)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$125,000	(\$125,000)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (I2-300003)	\$19,822	\$0	\$19,822	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$106,512	\$0	\$106,512	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$6,632	\$0	\$6,632	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
I12-020017	KRS Valve House Rehabilitation	\$0	\$0	\$0	
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$36,394	\$0	\$36,394	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$75,470	\$0	\$75,470	
	Total Investment Projects	\$206,597	\$980,793	(\$774,197)	
	Total Company Expenditures Less DV	\$1,864,525	\$2,458,593	(\$594,068)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Jul - 14	Jul - 14		
DV	Developer Projects Funded by Others	(\$63,735)	\$206,949	(\$270,684)	
A	Mains - New	\$267,736	\$57,778	\$209,958	
B	Mains - Replaced / Restored	\$457,462	\$277,274	\$180,188	Additional work during period to recover from delays caused by weather at beginning of year.
C	Mains - Unscheduled	\$33,725	\$13,657	\$20,068	
D	Mains - Relocated	\$136,033	\$70,384	\$65,649	Todds Road Relocation (LFUCG widening of Todds Road) not originally planned during 2014.
E	Hydrants, Valves, and Manholes - New	(\$5,242)	\$26,263	(\$31,505)	
F	Hydrants, Valves, and Manholes - Replaced	\$84,051	\$29,414	\$54,637	
G	Services and Laterals - New	\$51,549	\$116,565	(\$65,016)	
H	Services and Laterals - Replaced	\$56,266	\$102,121	(\$45,855)	
I	Meters - New	\$9,463	\$59,879	(\$50,416)	
J	Meters - Replaced	\$28,480	\$238,580	(\$210,100)	Reduction in the amount of meter inventory has changed planned spending schedule
K	ITS Equipment and Systems	\$73,989	\$0	\$73,989	
L	SCADA Equipment and Systems	\$6,464	\$42,021	(\$35,557)	
M	Security Equipment and Systems	\$14	\$10,505	(\$10,491)	
N	Offices and Operations Centers	(\$71,032)	\$21,010	(\$92,042)	
O	Vehicles	\$127,846	\$349,817	(\$221,971)	
P	Tools and Equipment	\$0	\$89,292	(\$89,292)	
Q	Process Plant Facilities and Equipment	(\$12,022)	\$187,525	(\$199,547)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$36,435	\$0	\$36,435	
	Subtotal	\$1,217,482	\$1,899,034	(\$681,552)	
	Less Item DV	(\$63,735)	\$206,949	(\$270,684)	
	Total Item A - S	\$1,281,217	\$1,692,085	(\$410,868)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$1,590	\$0	\$1,590	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	(\$2,188)	\$0	(\$2,188)	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	(\$606)	\$0	(\$606)	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	(\$71)	\$0	(\$71)	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$270,474	(\$270,474)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$270,065	(\$270,065)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$269,800	(\$269,800)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$244,804	(\$244,804)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$205,398	(\$205,398)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$226	\$137,695	(\$137,469)	Project delayed
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$143,204	(\$143,204)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$82,066	(\$82,066)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$125,000	(\$125,000)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$18,876	\$0	\$18,876	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$133,527	\$0	\$133,527	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$78,619	\$0	\$78,619	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$549	\$0	\$549	
I12-020017	KRS Valve House Rehabilitation	\$30,310	\$0	\$30,310	Project was added to 2014.
I12-020045	Main Office Roof Replacement	\$0	\$0	\$0	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$24,821	\$0	\$24,821	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$117,991	\$0	\$117,991	
	Total Investment Projects	\$403,646	\$1,748,506	(\$1,344,860)	
	Total Company Expenditures Less DV	\$1,684,863	\$3,440,591	(\$1,755,728)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Aug - 14	Aug - 14		
DV	Developer Projects Funded by Others	\$682,789	\$206,595	\$476,194	
A	Mains - New	\$29,119	\$52,526	(\$23,407)	
B	Mains - Replaced / Restored	\$436,763	\$272,625	\$164,138	Additional work during period to recover from delays caused by weather at beginning of year.
C	Mains - Unscheduled	\$8,692	\$26,263	(\$17,571)	
D	Mains - Relocated	\$49,892	\$114,505	(\$64,613)	
E	Hydrants, Valves, and Manholes - New	\$9,649	\$28,364	(\$18,715)	
F	Hydrants, Valves, and Manholes - Replaced	\$70,360	\$23,112	\$47,248	
G	Services and Laterals - New	\$47,137	\$105,858	(\$58,721)	
H	Services and Laterals - Replaced	\$36,205	\$90,818	(\$54,613)	
I	Meters - New	\$44,011	\$46,747	(\$2,736)	
J	Meters - Replaced	\$62,257	\$100,697	(\$38,440)	
K	ITS Equipment and Systems	\$208	\$0	\$208	
L	SCADA Equipment and Systems	\$12,631	\$0	\$12,631	
M	Security Equipment and Systems	\$14	\$10,505	(\$10,491)	
N	Offices and Operations Centers	(\$18,921)	\$0	(\$18,921)	
O	Vehicles	\$68,203	\$0	\$68,203	
P	Tools and Equipment	\$6,054	\$47,273	(\$41,219)	
Q	Process Plant Facilities and Equipment	\$121,598	\$148,788	(\$27,190)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$48,101	\$10,505	\$37,596	
	Subtotal	\$1,714,761	\$1,285,181	\$429,580	
	Less Item DV	\$682,789	\$206,595	\$476,194	
	Total Item A - S	1,031,971	\$1,078,586	(\$46,615)	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$3,865	\$0	\$3,865	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$1,179	\$0	\$1,179	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$377,608	(\$377,608)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$377,196	(\$377,196)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$324,227	(\$324,227)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$246,387	(\$246,387)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$217,262	(\$217,262)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$665	\$212,356	(\$211,691)	Project delayed
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$137,845	(\$137,845)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$23,745	(\$23,745)	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$75,000	(\$75,000)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$9,818	\$0	\$9,818	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	(\$8,339)	\$0	(\$8,339)	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$15,216	\$0	\$15,216	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
I12-020017	KRS Valve House Rehabilitation	\$32,583	\$0	\$32,583	Project was added to 2014.
I12-020045	Main Office Roof Replacement	\$21,817	\$0	\$21,817	
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$8,025	\$0	\$8,025	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$148,435	\$0	\$148,435	
	Total Investment Projects	\$233,263	\$1,991,626	(\$1,758,363)	
	Total Company Expenditures Less DV	\$466,526	\$3,983,252	(\$3,516,726)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Sep - 14	Sep - 14		
DV	Developer Projects Funded by Others	\$361,339	\$183,333	\$178,006	
A	Mains - New	\$35,640	\$36,768	(\$1,128)	
B	Mains - Replaced / Restored	\$558,458	\$235,858	\$322,600	Additional work during period to recover from delays caused by weather at beginning of year.
C	Mains - Unscheduled	\$32,421	\$18,909	\$13,512	
D	Mains - Relocated	\$20,582	\$109,584	(\$89,002)	
E	Hydrants, Valves, and Manholes - New	\$18,092	\$26,263	(\$8,171)	
F	Hydrants, Valves, and Manholes - Replaced	\$43,001	\$27,314	\$15,687	
G	Services and Laterals - New	\$45,746	\$99,949	(\$54,203)	
H	Services and Laterals - Replaced	\$18,902	\$63,030	(\$44,128)	
I	Meters - New	\$45,510	\$36,768	\$8,742	
J	Meters - Replaced	\$30,784	\$42,061	(\$11,277)	
K	ITS Equipment and Systems	\$12,237	\$27,093	(\$14,856)	
L	SCADA Equipment and Systems	\$40	\$26,263	(\$26,223)	
M	Security Equipment and Systems	\$1,441	\$52,525	(\$51,084)	
N	Offices and Operations Centers	(\$3,218)	\$21,010	(\$24,228)	
O	Vehicles	\$0	\$0	\$0	
P	Tools and Equipment	\$9,510	\$0	\$9,510	
Q	Process Plant Facilities and Equipment	\$329,969	\$215,353	\$114,616	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$30,867	\$10,505	\$20,362	
	Subtotal	\$1,591,321	\$1,232,586	\$358,735	
	Less Item DV	\$361,339	\$183,333	\$178,006	
	Total Item A - S	\$1,229,982	\$1,049,253	\$180,729	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$4,842	\$0	\$4,842	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$0	\$0	\$0	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$380,043	(\$380,043)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$537,712	(\$537,712)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$326,302	(\$326,302)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$168,934	(\$168,934)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$271,357	(\$271,357)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$206,413	\$218,995	(\$12,582)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$84,646	(\$84,646)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$32,866	(\$32,866)	
IP-1232-3	Northern Division Connection	\$5,654	\$0	\$5,654	
IP-1232-5	Northern Division Connection (I2-300003)	\$4,271	\$0	\$4,271	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$65,726	\$0	\$65,726	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$208	\$0	\$208	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
I12-020017	KRS Valve House Rehabilitation	\$29,945	\$0	\$29,945	Project was added to 2014.
I12-020045	Main Office Roof Replacement	\$120,386	\$0	\$120,386	Project was added to 2014 due to projects cancelled during 2014. Project address aging/ leaking roof at Main Office
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$0	\$0	\$0	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$8,648	\$0	\$8,648	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$107,841	\$0	\$107,841	
	Total Investment Projects	\$553,934	\$2,020,855	(\$1,466,921)	
	Total Company Expenditures Less DV	\$1,783,916	\$3,070,108	(\$1,286,192)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Oct - 14	Oct - 14		
DV	Developer Projects Funded by Others	\$491,184	\$195,979	\$295,205	
A	Mains - New	\$144,438	\$23,736	\$120,702	Paris Pike extension to support Millersburg not in original plan.
B	Mains - Replaced / Restored	\$348,245	\$203,838	\$144,407	Accelerated main replacements due to funding increase to offset reduction in planned spending of meters replaced
C	Mains - Unscheduled	\$36,251	\$32,566	\$3,685	
D	Mains - Relocated	\$34,056	\$52,525	(\$18,469)	
E	Hydrants, Valves, and Manholes - New	\$23,580	\$15,758	\$7,822	
F	Hydrants, Valves, and Manholes - Replaced	\$96,565	\$69,334	\$27,231	
G	Services and Laterals - New	\$59,165	\$73,535	(\$14,370)	
H	Services and Laterals - Replaced	\$49,709	\$100,595	(\$50,886)	
I	Meters - New	\$29,499	\$40,970	(\$11,471)	
J	Meters - Replaced	\$133,669	\$33,112	\$100,557	
K	ITS Equipment and Systems	\$6,663	\$0	\$6,663	
L	SCADA Equipment and Systems	\$17,241	\$0	\$17,241	
M	Security Equipment and Systems	\$5,256	\$52,525	(\$47,269)	
N	Offices and Operations Centers	\$0	\$21,010	(\$21,010)	
O	Vehicles	\$2,812	\$111,353	(\$108,541)	
P	Tools and Equipment	\$8,698	\$40,106	(\$31,408)	
Q	Process Plant Facilities and Equipment	\$57,130	\$146,565	(\$89,435)	
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$24,280	\$10,505	\$13,775	
	Subtotal	\$1,568,443	\$1,224,012	\$344,431	
	Less Item DV	\$491,184	\$195,979	\$295,205	
	Total Item A - S	\$1,077,259	\$1,028,033	\$49,226	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$1,125	\$0	\$1,125	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$5,447	\$0	\$5,447	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$386,973	(\$386,973)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$499,031	(\$499,031)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$328,390	(\$328,390)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$113,422	(\$113,422)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$220,413	(\$220,413)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$42,071	\$167,713	(\$125,642)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$24,812	(\$24,812)	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$20,000	(\$20,000)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$9,147	\$0	\$9,147	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$76,766	\$0	\$76,766	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$288,244	\$0	\$288,244	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$0	\$0	\$0	
I12-020017	KRS Valve House Rehabilitation	\$33,457	\$0	\$33,457	Project was added to 2014.
I12-020045	Main Office Roof Replacement	\$134,862	\$0	\$134,862	Project was added to 2014 due to projects cancelled during 2014. Project address aging/ leaking roof at Main Office
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$0	\$0	\$0	
I12-020048	Security Upgrades Richmond Rd Campus	\$750	\$0	\$750	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$2,289	\$0	\$2,289	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$146,569	\$0	\$146,569	
	Total Investment Projects	\$740,726	\$1,760,754	(\$1,020,028)	
	Total Company Expenditures Less DV	\$1,817,985	\$2,788,787	(\$970,802)	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Nov - 14	Nov - 14		
DV	Developer Projects Funded by Others	\$276,549	\$231,313	\$45,236	
A	Mains - New	\$40,228	\$15,758	\$24,470	
B	Mains - Replaced / Restored	\$448,843	\$156,313	\$292,530	Accelerated main replacements due to funding increase to offset reduction in planned spending of meters replaced
C	Mains - Unscheduled	\$30,138	\$25,212	\$4,926	
D	Mains - Relocated	(\$34,337)	\$52,525	(\$86,862)	
E	Hydrants, Valves, and Manholes - New	\$70,559	\$8,205	\$62,354	
F	Hydrants, Valves, and Manholes - Replaced	\$113,535	\$10,506	\$103,029	
G	Services and Laterals - New	\$44,281	\$66,182	(\$21,901)	
H	Services and Laterals - Replaced	\$31,676	\$63,030	(\$31,354)	
I	Meters - New	\$14,291	\$38,868	(\$24,577)	
J	Meters - Replaced	\$69,505	\$19,960	\$49,545	
K	ITS Equipment and Systems	\$45,798	\$0	\$45,798	
L	SCADA Equipment and Systems	(\$78)	\$21,008	(\$21,086)	
M	Security Equipment and Systems	\$53,802	\$10,505	\$43,297	
N	Offices and Operations Centers	(\$65)	\$21,010	(\$21,075)	
O	Vehicles	\$0	\$0	\$0	
P	Tools and Equipment	\$31,623	\$0	\$31,623	
Q	Process Plant Facilities and Equipment	\$578,625	\$121,008	\$457,617	Additional authorized to accelerate projects originally planned for 2015
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$59,127	\$10,505	\$48,622	
	Subtotal	\$1,874,099	\$871,908	\$1,002,191	
	Less Item DV	\$276,549	\$231,313	\$45,236	
	Total Item A - S	\$1,597,551	\$640,595	\$956,956	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$10,985	\$0	\$10,985	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$4,245	\$0	\$4,245	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$0	\$0	\$0	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$330,427	(\$330,427)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$491,717	(\$491,717)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$272,448	(\$272,448)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$31,004	(\$31,004)	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$116,446	(\$116,446)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$17,389	\$27,310	(\$9,921)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	(\$5,654)	\$0	(\$5,654)	
IP-1232-5	Northern Division Connection (12-300003)	\$7,088	\$0	\$7,088	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$187,088	\$0	\$187,088	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$212,648	\$0	\$212,648	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$1,346	\$0	\$1,346	
I12-020017	KRS Valve House Rehabilitation	\$49,958	\$0	\$49,958	Project was added to 2014.
I12-020045	Main Office Roof Replacement	\$129,754	\$0	\$129,754	Project was added to 2014 due to projects cancelled during 2014. Project address aging/ leaking roof at Main Office
I12-020046	KRS I Raw Water Intake Actuator Repl	\$0	\$0	\$0	
I12-020047	Field Ops Road Replacement	\$274,754	\$0	\$274,754	Project was added to 2014 due to projects cancelled during 2014. Project address aging driveway to Field Ops that was deteriorating
I12-020048	Security Upgrades Richmond Rd Campus	\$122,587	\$0	\$122,587	
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$2,661	\$0	\$2,661	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$147,218.23	\$0	\$147,218	
	Total Investment Projects	\$1,162,069	\$1,269,352	(\$107,283)	
	Total Company Expenditures Less DV	\$2,759,620	\$1,909,947	\$849,673	

Kentucky American Water
 Comparison of Capital Expenditures
 Actual Vs. Case No. 2012-00520

Budget Item	Description	Actual	Per 2012-00520	Difference	Note
		Dec - 14	Dec - 14		
DV	Developer Projects Funded by Others	\$302,782	\$175,047	\$127,735	
A	Mains - New	\$163,289	\$9,601	\$153,688	
B	Mains - Replaced / Restored	\$376,595	\$79,406	\$297,189	Accelerated main replacements due to funding increase to offset reduction in planned spending of meters replaced
C	Mains - Unscheduled	\$30,877	\$19,957	\$10,920	
D	Mains - Relocated	\$75,059	\$26,262	\$48,798	
E	Hydrants, Valves, and Manholes - New	\$28,194	\$0	\$28,194	
F	Hydrants, Valves, and Manholes - Replaced	\$93,548	\$10,496	\$83,052	
G	Services and Laterals - New	\$31,665	\$52,525	(\$20,860)	
H	Services and Laterals - Replaced	\$54,563	\$89,897	(\$35,334)	
I	Meters - New	\$12,727	\$25,736	(\$13,009)	
J	Meters - Replaced	\$98,986	\$21,006	\$77,980	
K	ITS Equipment and Systems	\$15,251	\$0	\$15,251	
L	SCADA Equipment and Systems	\$4,139	\$0	\$4,139	
M	Security Equipment and Systems	\$64,158	\$10,505	\$53,653	
N	Offices and Operations Centers	\$6,915	\$21,010	(\$14,095)	
O	Vehicles	\$111,397	\$0	\$111,397	
P	Tools and Equipment	\$113,938	\$0	\$113,938	
Q	Process Plant Facilities and Equipment	\$1,220,166	\$21,008	\$1,199,158	Additional authorized to accelerate projects originally planned for 2015
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$4,588	\$0	\$4,588	
	Subtotal	\$2,808,836	\$562,452	\$2,246,384	
	Less Item DV	\$302,782	\$175,047	\$127,735	
	Total Item A - S	\$2,506,054	\$387,405	\$2,118,649	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$0	\$0	\$0	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	\$0	\$0	\$0	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$408	\$0	\$408	
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$34	\$0	\$34	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$263,286	(\$263,286)	Project cancelled for 2014.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$496,544	(\$496,544)	Project cancelled for 2014.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$162,039	(\$162,039)	Project cancelled for 2014.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$0	\$0	Project cancelled for 2014.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$86,160	(\$86,160)	Project cancelled for 2014.
IP-1202-20	KY Major Highway (I12-020011)	\$4,347	\$6,424	(\$2,077)	
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$0	\$0	Project cancelled for 2014.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$0	\$0	
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$0	\$0	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$47,461	\$0	\$47,461	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	(\$102,211)	\$0	(\$102,211)	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	(\$37,411)	\$0	(\$37,411)	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	(\$449)	\$0	(\$449)	
I12-020017	KRS Valve House Rehabilitation	\$515,094	\$0	\$515,094	Project was added to 2014.
I12-020045	Main Office Roof Replacement	(\$15,518)	\$0	(\$15,518)	Project was added to 2014 due to projects cancelled during 2014. Project address aging/ leaking roof at Main Office
I12-020046	KRS I Raw Water Intake Actuator Repl	\$487,670	\$0	\$487,670	Project was added to 2014 to address operational concerns with existing oil driven valves
I12-020047	Field Ops Road Replacement	\$59,189	\$0	\$59,189	Project was added to 2014 due to projects cancelled during 2014. Project address aging driveway to Field Ops that was deteriorating
I12-020048	Security Upgrades Richmond Rd Campus	\$305,175	\$0	\$305,175	Project was added to 2014 to address operational concerns with existing security system on Richmond Road Campus
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	(\$5,276)	\$0	(\$5,276)	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$0	\$0	\$0	
R12-01K3	ITS Centrally Sponsored	\$308,429	\$0	\$308,429	
	Total Investment Projects	\$1,566,943	\$1,014,453	\$552,490	
	Total Company Expenditures Less DV	\$4,072,997	\$1,401,858	\$2,671,139	

Kentucky American Water
Comparison of Capital Expenditures
Actual Vs. Case No. 2012-00520

Budget Item	Description	YTD	YTD	YTD	Note
		Actual Dec - 14	Per 2012-00520 Dec - 14	Difference	
DV	Developer Projects Funded by Others	\$3,214,462	\$2,122,901	\$1,091,561	
A	Mains - New	\$982,178	\$274,956	\$707,223	Paris Pike extension to support Millersburg not in original plan.
B	Mains - Replaced / Restored	\$3,662,352	\$1,962,627	\$1,699,725	Accelerated main replacements due to funding increase to offset reduction in planned spending of meters replaced
C	Mains - Unscheduled	\$291,349	\$270,231	\$21,119	
D	Mains - Relocated	\$921,918	\$515,079	\$406,840	Addition of Todds Road Relocation that was not part of original spending schedule
E	Hydrants, Valves, and Manholes - New	\$201,082	\$201,500	(\$418)	
F	Hydrants, Valves, and Manholes - Replaced	\$759,112	\$300,443	\$458,669	
G	Services and Laterals - New	\$562,611	\$1,085,116	(\$522,505)	
H	Services and Laterals - Replaced	\$397,836	\$1,040,590	(\$642,754)	
I	Meters - New	\$313,704	\$504,241	(\$190,536)	
J	Meters - Replaced	\$802,895	\$2,320,552	(\$1,517,657)	Planned large develop needing meters did not occur in 2014. Reduction in the amount of meter inventory has changed planned spending schedule
K	ITS Equipment and Systems	\$287,271	\$117,860	\$169,411	
L	SCADA Equipment and Systems	\$40,979	\$131,313	(\$90,334)	
M	Security Equipment and Systems	\$157,257	\$157,575	(\$317)	
N	Offices and Operations Centers	\$207,245	\$126,060	\$81,185	
O	Vehicles	\$666,372	\$562,018	\$104,354	
P	Tools and Equipment	\$241,065	\$343,569	(\$102,504)	
Q	Process Plant Facilities and Equipment	\$3,162,463	\$1,401,693	\$1,760,770	Additional authorized to accelerate projects originally planned for 2015
R	Capitalized Tank Rehabilitation / Painting	\$0	\$0	\$0	
S	Engineering Studies	\$261,770	\$42,020	\$261,770	
	Subtotal	\$17,133,922	\$13,480,340	\$3,653,582	
	Less Item DV	\$3,214,462	\$2,122,901	\$1,091,561	
	Total Item A - S	\$13,919,460	\$11,357,439	\$2,562,021	
12020607	New WTP On Pool 3 of Kentucky (I12-020001)	\$33,935	\$0	\$33,935	
IP-1202-38	Russell Cave Rd Main Extension (I12-020027)	(\$2,188)	\$0	(\$2,188)	
IP-1202-18	US 25 Relocation (I12-020009)	\$0	\$0	\$0	
IP-1202-19	Leestown Road (I12-020010)	\$152,963	\$0	\$152,963	Project was to be complete by 2013 but due to delays at start of project, project carried over into 2014.
IP-1202-36	Pump Efficiency Replacement (I12-020025)	\$18,370	\$0	\$18,370	
IP-1202-9	Todds and Cleveland Rd Main Extension (I12-020031)	\$0	\$2,400,000	(\$2,400,000)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-10	KRS Clearwell Improvements (I12-020002)	\$0	\$3,000,000	(\$3,000,000)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-11	I-75 Main Extension (I12-020003)	\$0	\$2,000,000	(\$2,000,000)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-13	Greenwich Rd Main Extension (I12-020005)	\$0	\$1,300,000	(\$1,300,000)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-16	North Upper St Main Replacement (I12-020007)	\$0	\$1,500,282	(\$1,500,282)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-20	KY Major Highway (I12-020011)	\$287,933	\$1,000,000	(\$712,067)	New Circle Road Project delayed due to negotiations with KTC
IP-1202-23	RRS Carbon and Pre-Chlorine Feed (I12-020014)	\$0	\$500,000	(\$500,000)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-27	KRS Hydrotreater Valve & Flow Meter (I12-020018)	\$0	\$250,000	(\$250,000)	Project cancelled for 2014 due to change in priorities and reassessment of project goals.
IP-1202-39	Pump Efficiency Repl (I12-020026)	\$0	\$457,866	(\$457,866)	
IP-1232-3	Northern Division Connection	\$0	\$0	\$0	
IP-1232-5	Northern Division Connection (12-300003)	\$369,307	\$418,885	(\$49,578)	
IP-1233-1	Owenton WWTP Phosphorous (I12-330001)	\$0	\$0	\$0	
IP-1201-10	Unallocated Indirect Overhead (I12-010001)	\$0	\$0	\$0	
IP-1201-9	IP Project Unbudgeted Capital (I12-010003)	\$0	\$0	\$0	
I12-020032	RRS Filter Building Replacement	\$709,175	\$0	\$709,175	Project not originally planned for 2014. Due to concerns with original filter building project added to 2014
I12-020033	KY 341 Interconnect	\$758,006	\$0	\$758,006	Project was added to 2014.
I12-020034	RRS Chlorine Scrubber	\$20,317	\$0	\$20,317	
I12-020017	KRS Valve House Rehabilitation	\$691,347	\$0	\$691,347	Project was added to 2014.
I12-020045	Main Office Roof Replacement	\$391,301	\$0	\$391,301	Project was added to 2014 due to projects cancelled during 2014. Project address aging/ leaking roof at Main Office
I12-020046	KRS I Raw Water Intake Actuator Repl	\$487,670	\$0	\$487,670	Project was added to 2014 to address operational concerns with existing oil driven valves
I12-020047	Field Ops Road Replacement	\$333,943	\$0	\$333,943	Project was added to 2014 due to projects cancelled during 2014. Project address aging driveway to Field Ops that was deteriorating
I12-020048	Security Upgrades Richmond Rd Campus	\$428,512	\$0	\$428,512	Project was added to 2014 to address operational concerns with existing security system on Richmond Road Campus
CS-1201-1	Business Transformation 2009	\$0	\$0	\$0	
CS-1201-3	Business Transformation 2010 - 2014 (T12-0102)	\$350,389	\$114,460	\$235,929	
CS-1201-4	Business Transformation 2010 - 2014 (T12-0103)	\$32	\$0	\$32	
R12-01K3	ITS Centrally Sponsored	\$1,336,514	\$0	\$1,336,514	
	Total Investment Projects	\$6,367,525	\$12,941,493	(\$6,573,968)	
	Total Company Expenditures Less DV	\$20,286,985	\$24,298,932	(\$4,011,947)	2014 Budgeted Spend was reduced from original 2012 SCEP in preparation for the planned spending of the Richmond Road Station Filter Building Replacement Project in 2015

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

57. Refer to KAWC's Application, Exhibit 37, B-5.2, pages 4–5, Working Capital – Lead/Lag Study as on August 31, 2017. Provide a schedule that compares the lead/lag days in this study to the lead/lag days used by KAWC in Case No. 2012-00520. Explain each variance in the lead/lag days.

Response:

Please refer to the attachment which provides a comparison schedule for lag days filed in Exhibit 37, B-5.2 in the present case versus Case No. 2012-00520. The Company has provided variance explanations for those categories with a fluctuation percentage plus or minus 5% or greater.

The variances can be summarized as follows:

a) **Change in Payment Terms** – the Company has modified its payment terms for an expense category since the prior case. This is the variance explanation for the following expense items:

Chemicals – Payment terms on chemical invoices were renegotiated to net 45 from net 30, resulting in a variance of 17.53 lag days.

Group Insurance – Payments are now remitted with each bi-weekly pay cycle. Previously, payments were remitted monthly in advance resulting in a variance of 18.32 lag days.

Pensions – Payments are remitted quarterly. The previous case utilized five actual payments resulting in a variance of (11.23) lag days.

Property Tax – The prior case utilized estimated statutory payment terms of remitting at year end for the current year assessment whereas the current case analyzed 29 actual property tax payments, resulting in a variance of (45.43) lag days.

b) **Sample Size** – Increased or decreased quantities of the amount of sampled invoices can influence the lag day calculations. The following expense item fluctuations are primarily attributable to a variance in the sample sizes used to complete the Lead/ Lag Studies:

Fuel, Power and Electric – Sample size increased from 53 invoices in the prior case to 356 in the current case, resulting in a variance of 5.01 lag days.

Waste Disposal – Sample size decrease from 22 invoices in the prior case to 1 in the current case, resulting in a variance of 28.05 days. The current case sample did not include invoices remitted to energy providers whereas the prior case did include these payments in the sample selected.

Insurance Other than Group – Sample size increased from 23 invoices in the prior case to 30 in the current case, resulting in a variance of (6.73) lag days.

Rents – Sample size increased from 35 invoices in the prior case to 50 in the current case, resulting in a variance of 71.29 lag days. The sample in the current case included more rental invoices paid in arrears vs. prepaid.

Maintenance Service & Supplies – Sample size decreased from 66 invoices in the prior case to 56 in the current case, resulting in a variance of 24.06 lag days. The current case sample included 5 invoices paid beyond net 60 whereas the previous case sample had none.

c) **Expense Categorization** – The Company implemented a new ERP system between the previous case and the current case. The summarization of detail expense items to the Lead Lag categories was slightly modified between cases to align with the current ERP classifications. Please see the chart below which demonstrates the varied categorizations between the two cases resulting in lag variances for the following items:

Expense Item:	Case No. 2015-00418	Case No. 2012-00520
Other Benefits	Other Benefits	Other Operating Expense (1)
Contracted Services	Contracted Services	Other Operating Expense (1)
Building Maintenance & Services	Other Operating Expense	Other Operating Expense (1)
Telecommunication Expenses	Other Operating Expense	Other Operating Expense (1)
Postage, Printing & Stationery	Other Operating Expense	Other Operating Expense (1)
Advertising & Marketing Expenses	Other Operating Expense	Other Operating Expense (1)
Miscellaneous	Other Operating Expense	Other Operating Expense (1)
Transportation	Other Operating Expense	Other Operating Expense (1)
Office Supplies and Services	Office Supplies and Services	General Office Expense (2)

Employee Related Exp, Travel, and Ent	Employee Related Exp, Travel, and Ent	General Office Expense (2)
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(1) Calculated one Other Operating Expense lag and then utilized that lag for multiple Lead Lag expense categories

(2) Calculated one General Office Expense lag and then utilized that lag for multiple Lead Lag expense categories

d) **Service Period Interpretation** – The service period for the annual utility regulatory assessment was misinterpreted as a calendar year service period vs. a fiscal year service period resulting in a lag day variance of 23.50 over the prior case.

Kentucky American Water Company
Response to PSC DR 2-57
Explanation of Current vs. Past Lead/Lag variances

	Case 2015-00418	Case 2012-00520	Diff	Diff %
Expense	Lag Days	Lag Days	Days	Days
Date Service Furnished and Date Collections Deposited	43.92	39.07	4.85	11.0%
Date Expenses Incurred and Date of Payment	28.27	27.90	0.37	1.3%
Salaries & Wages	12.00	12.00	(0.00)	0.0%
Fuel, Power and Electric	33.10	28.09	5.01	15.1%
Chemicals	49.29	31.76	17.53	35.6%
Purchased Water	49.73	48.44	1.29	2.6%
Waste Disposal	62.23	34.18	28.05	45.1%
Service Company Charges	(7.58)	(9.56)	1.98	-26.1%
Contracted Services	55.83	27.56	28.27	50.6%
Group Insurance	10.92	(7.40)	18.32	167.7%
Opeb	(2.75)	(1.56)	(1.19)	43.3%
Other Benefits	10.24	27.56	(17.32)	-169.0%
Pensions	(2.75)	8.48	(11.23)	408.2%
Insurance Other than Group	(82.79)	(76.06)	(6.73)	8.1%
Rents	43.08	(28.21)	71.29	165.5%
Regulatory Expense	0.00	0.00	0.00	0.0%
Maintenance Service & Supplies	56.13	32.07	24.06	42.9%
Amortization	0.00	0.00	0.00	0.0%
Uncollectibles	0.00	0.00	0.00	0.0%
Office Supplies & Services	59.67	12.04	47.63	79.8%
Employee Related Exp, Travel & Ent	46.10	12.04	34.06	73.9%
Other Operating Expenses	44.78	27.56	17.22	38.5%
Depreciation and Amortization	0.00	0.00	0.00	0.0%
Property Taxes	144.30	189.73	(45.43)	-31.5%
Utility Tax	(154.77)	(178.27)	23.50	-15.2%
Payroll Taxes	12.00	12.00	0.00	0.0%
Income Taxes - Current - SIT	55.61	52.00	3.61	6.5%
Income Taxes - Current - FIT	36.75	36.74	0.01	0.0%
Deferred Income Taxes	0.00	0.00	0.00	0.0%
Interest Expense - Long - Term Debt	93.58	90.01	3.56	3.8%
Interest Expense - Short - Term Debt	15.02	15.21	(0.19)	-1.2%
Preferred Dividends	46.63	47.75	(1.13)	-2.4%
Net Income	0.00	0.00	0.00	0.0%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

- 58.** a. For the forecasted period, provide, in Microsoft Excel format, a federal tax basis depreciation schedule that lists separately the balances for each plant account, tax basis accumulated depreciation, tax basis depreciation lives, and tax basis depreciation expense.
- b. For the forecasted period, provide, in Microsoft Excel format, a Kentucky tax basis depreciation schedule that lists separately the balances for each plant account, tax basis accumulated depreciation, tax basis depreciation lives, and tax basis depreciation expense.

Response:

Please refer to the response to Item 3 of the Commission Staff's first request for information. The excel version of W/P 1-8 was provided. See the file "Deferred Taxes 2015-2017" and look at tabs "Tax Depr FED" and "Tax Depr STATE" for the federal and state tax basis/depreciation calculations.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Donald J. Petry

- 59.** Refer to KAWC's Response to Staff's First Request, Item 3, W/P-3-1, Base Year Adjustment Support Services for the 12 Months Ending August 31, 2017, page 485. Provide a comparison of the Service Company fees charged to each American water subsidiary for the calendar year 2016 using the categories contained on this schedule. This cost should state the number of customers that each subsidiary served as of December 31, 2016.

Response:

Please see attachment for the comparison of the Service Company operating expenses charged to the regulated American Water subsidiaries for the calendar year 2015. The above request indicated calendar year 2016, however 2016 is not complete at this time so the Company has interpreted and provided the data for the calendar year 2015.

The table below reflects the company name and customer count for the calendar year of 2015 for the applicable American Water subsidiaries.

CO #	COMPANY NAME	WATER	WASTEWATER	TOTAL	less Dual customer adj	Adjusted Total Customer
1010	INDIANA-AMERICAN	295,530	464	295,994	(440)	295,554
1011	IOWA-AMERICAN	62,958		62,958	-	62,958
1012	KENTUCKY-AMERICAN	128,374	600	128,974	(570)	128,404
1013	MARYLAND-AMERICAN	4,978		4,978	-	4,978
1015	CALIFORNIA-AMERICAN	172,280	2,662	174,942	(697)	174,245
1016	MICHIGAN-AMERICAN	3,533		3,533	-	3,533
1017	MISSOURI-AMERICAN	461,396	11,849	473,245	(10,521)	462,724
1018	NEW JERSEY-AMERICAN	619,602	40,978	660,580	(37,283)	623,297
1024	PENNSYLVANIA-AMERICAN	651,851	20,556	672,407	(18,889)	653,518
1025	ILLINOIS-AMERICAN	281,258	31,800	313,058	(29,696)	283,362
1026	TENNESSEE-AMERICAN	79,101		79,101	-	79,101
1027	VIRGINIA-AMERICAN	59,116	20,351	79,467	(19,333)	60,134
1028	WEST VIRGINIA-AMERICAN	167,991	1,046	169,037	(994)	168,043
1030	HAWAII-AMERICAN	-	9,820	9,820	-	9,820
1038	NEW YORK-AMERICAN	124,186	411	124,597	(390)	124,207
	Total	3,112,154	140,537	3,252,691	(118,813)	3,133,878

Kentucky American Water Company
Case No. 2015-00418
Response to KAW_R_PSCDR2_NUM059

Function	Indiana-American Water Company	Iowa-American Water Company	Kentucky-American Water Company	Maryland-American Water Company
Audit	(\$0)	\$0	\$0	\$0
Business Development	367,110	78,081	156,446	7,227
Central Lab	129,019	29,957	82,356	22,560
Corp Admin	623,089	137,328	262,662	11,257
Customer Service Center (CSC)	4,106,021	891,972	1,750,345	85,853
Engineering	158,134	39,456	75,576	1,674
Facilities	442,396	98,247	197,052	16,288
Finance	2,523,107	588,851	1,225,999	113,075
HR Services	232,913	48,190	101,145	6,311
Human Resources	1,354,032	313,201	562,893	31,349
Information Technology Services (ITS)	5,798,284	1,321,951	2,570,199	109,704
Innov & Env Stewardship	186,757	35,040	69,733	4,159
Investor Relations	40,345	8,514	17,087	709
Legal	816,668	173,021	337,690	12,228
Regulated Ops	936,259	166,978	399,084	58,574
Supply Chain	216,080	46,059	91,592	4,074
Ext Aff & Public Policy	106,976	22,694	45,848	1,873
External Affairs Communication	469,053	100,179	204,160	6,700
Government Affairs	47,784	10,167	20,323	826
Health & Safety	93,417	22,248	48,886	3,180
Physical & Cyber Security	156,792	34,795	69,409	2,755
Regulatory Policy	87,395	18,633	37,993	1,468
Total	\$18,891,634	\$4,185,561	\$8,326,477	\$501,843

Kentucky American Water Company
Case No. 2015-00418
Response to KAW_R_PSCDR2_NUM059

Function	California-American Water Company	Michigan-American Water Company	Missouri-American Water Company	New Jersey-American Water Company
Audit	(\$0)	\$0	\$0	\$0
Business Development	168,589	4,211	653,760	567,771
Central Lab	514,008	1,553	107,253	716,088
Corp Admin	385,999	7,075	986,900	1,356,987
Customer Service Center (CSC)	2,997,451	946	5,483,425	7,581,358
Engineering	66,487	1,183	384,161	207,638
Facilities	353,923	6,806	678,966	946,618
Finance	2,025,872	43,130	3,976,309	5,375,748
HR Services	139,132	3,518	363,804	480,657
Human Resources	670,755	14,563	1,944,379	2,638,570
Information Technology Services (ITS)	3,427,456	68,346	9,410,335	12,543,790
Innov & Env Stewardship	94,329	1,795	257,256	341,132
Investor Relations	25,539	461	62,550	86,248
Legal	359,348	8,786	1,251,888	2,255,015
Regulated Ops	445,016	9,513	1,168,529	1,492,806
Supply Chain	127,605	2,487	334,053	441,835
Ext Aff & Public Policy	64,985	1,243	167,091	225,395
External Affairs Communication	425,366	5,510	730,672	689,049
Government Affairs	28,865	572	74,494	100,966
Health & Safety	70,541	3,430	169,568	277,715
Physical & Cyber Security	86,252	1,632	271,073	332,318
Regulatory Policy	52,105	1,016	139,950	181,683
Total	\$12,529,622	\$187,777	\$28,616,416	\$38,839,389

Kentucky American Water Company
Case No. 2015-00418
Response to KAW_R_PSCDR2_NUM059

Function	Pennsylvania-American Water Company	Illinois-American Water Company	Tennessee-American Water Company	Virginia-American Water Company
Audit	\$0	(\$0)	\$0	\$0
Business Development	963,012	474,851	97,556	134,015
Central Lab	508,320	203,055	48,554	86,069
Corp Admin	1,404,692	644,463	166,925	129,842
Customer Service Center (CSC)	8,843,807	4,750,507	1,507,717	935,589
Engineering	252,713	232,785	69,407	27,461
Facilities	986,899	450,839	137,848	121,260
Finance	5,430,545	2,631,374	913,065	769,339
HR Services	527,848	226,520	62,860	48,172
Human Resources	2,844,980	1,394,922	376,160	411,989
Information Technology Services (ITS)	12,676,838	6,091,390	1,617,764	1,328,193
Innov & Env Stewardship	392,365	166,268	43,062	34,193
Investor Relations	91,163	39,433	10,588	8,144
Legal	1,761,032	842,717	224,007	188,236
Regulated Ops	1,996,310	822,892	297,656	638,276
Supply Chain	475,967	205,252	56,683	43,941
Ext Aff & Public Policy	238,617	103,358	28,316	21,752
External Affairs Communication	901,747	459,293	127,527	76,188
Government Affairs	106,896	46,556	12,621	9,611
Health & Safety	314,721	95,921	28,439	30,727
Physical & Cyber Security	343,364	175,114	48,789	38,456
Regulatory Policy	191,877	86,389	23,131	17,465
Total	\$41,253,714	\$20,143,897	\$5,898,676	\$5,098,917

Kentucky American Water Company
Case No. 2015-00418
Response to KAW_R_PSCDR2_NUM059

Function	West Virginia-American Water Company	Hawaii-American Water Company	New York-American Water Company	Total
Audit	\$0	\$0	\$0	(\$0)
Business Development	285,486	8,711	115,256	4,082,083
Central Lab	76,197	46	104,086	2,629,120
Corp Admin	416,516	19,469	268,504	6,821,709
Customer Service Center (CSC)	3,200,969	84,181	1,214,257	43,434,398
Engineering	59,084	17,599	41,937	1,635,296
Facilities	289,784	20,191	198,522	4,945,641
Finance	1,579,704	129,693	1,320,052	28,645,863
HR Services	158,969	7,533	97,064	2,504,636
Human Resources	748,538	38,412	536,782	13,881,525
Information Technology Services (ITS)	3,322,296	187,278	2,414,156	62,887,981
Innov & Env Stewardship	93,444	4,898	66,794	1,791,225
Investor Relations	25,011	1,344	17,402	434,539
Legal	490,523	19,467	460,570	9,201,196
Regulated Ops	520,549	25,960	376,675	9,355,077
Supply Chain	121,636	6,930	90,534	2,264,729
Ext Aff & Public Policy	62,369	3,588	45,479	1,139,581
External Affairs Communication	210,833	8,932	142,433	4,557,642
Government Affairs	29,816	1,589	20,383	511,466
Health & Safety	58,112	4,574	41,448	1,262,927
Physical & Cyber Security	96,429	4,735	63,146	1,725,060
Regulatory Policy	52,079	2,872	36,621	930,678
Total	\$11,898,344	\$598,002	\$7,672,101	\$204,642,370

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: John J. Spanos

- 60.** Refer to the Direct Testimony of John J. Spanos (“Spanos Testimony”), 2014 Depreciation Study (“Depreciation Study”), Part II, Estimation of Survivor Curves, Exhibit JJS-1.
- a. Schedule 2 on page II-12 provides information about acquisitions, transfers, and sales for the illustration. Provide similar information for the accounts in the depreciation study.
 - b. Schedule 3 on page II-14 contains a superscript “a” without a footnote. Provide the footnote.

Response:

- a. The entire Part II of the Depreciation Study is an illustration of how life tables are developed and survivor curves formulated. Acquisitions represent assets purchased or acquired from other entities. Sales represent assets that are sold to other entities. Transfers represent assets that are reclassified from one account or one location to another. These transactions, as well as additions and retirements, are part of the transactional data for each account in the property records. The transactional data form the life tables in Part VII of the Depreciation Study.
- b. The footnote “a” represents “Additions during the year” which represents age 0 activity.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **John J. Spanos**

- 61.** Refer to the Spanos Testimony, Depreciation Study, Part VII, Service Life Statistics of Exhibit JJS-1.
- a. For the column "Retirements During Age Interval," explain how the amounts are calculated (i.e., the original cost, average unit cost, etc., of the retirements).
 - b. Explain why some accounts have two experience bands.
 - c. Refer to page VII-22. Explain the changes unrelated to retirements in the column "Exposures at the Beginning of Age Interval."

Response:

- a. All entries in the transactional data are provided in the life tables by account in Part VII. Retirements during age interval are actual retirements. Using Account 304.10, page VII-3 as an example; the retirements during age interval 0.5 equal \$9,152. With the experience band of 1995-2014, the \$9,152 equals all retirements during 1995 with vintage 1994; 1996 with vintage 1995; 1997 with vintage 1996, up to 2014 with vintage 2013.
- b. There are two experience bands for some accounts because the transactional data during those time periods best represent the overall life characteristics of the account.
- c. The "Exposures at the beginning of Age Interval" represents assets available during the age interval. Given the 1995-2014 experience band, the only assets added for Account 305 during this period were in 1996 and 2005. The other assets were in service prior to 1995 so they are included in other age intervals based on their age.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **John J. Spanos**

- 62.** Refer to the Spanos Testimony, Depreciation Study, Part VIII, Net Salvage Statistics of Exhibit JJS-1.
- a. Refer to page VIII-4. Explain why the cost of removal amount for 2006 is a negative number.
 - b. Refer to VIII-7. Explain why the regular retirement amount for 1991 is a negative number
 - c. Refer to VIII-12. Explain how there can be cost of removal of 1,065 for 2013 when there are no retirements.
 - d. Refer to page VIII-13. Explain why there are cost of removal and gross salvage amounts for 2009 when there are no retirements
 - e. Refer to page VIII-16. Explain why the gross salvage amount for 2006 is a negative number.

Response:

- a. The \$25 credit cost of removal in 2006 represents a correcting entry that occurred in 2006 but related to the original cost of removal in 2005.
- b. The negative retirement amount in 1991 is a correcting entry of the 1988 retirement.
- c. Cost of removal and gross salvage are not always recorded at the same time as the retirement.
- d. Cost of removal and gross salvage are not always recorded at the same time as the retirement.
- e. There are some retirement or removal orders that combined the cost of removal and gross salvage together. The amount listed as gross salvage for 2006 includes both cost of removal and gross salvage.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **John J. Spanos**

- 63.** Refer to the Spanos Testimony, Depreciation Study, Part IX, Detailed Depreciation Calculations of Exhibit JJS-1.
- a. Refer to pages IX-2 and VII-3 as examples. Explain why the total original cost would be higher than the exposures at the beginning of age interval 0.
 - b. Refer to pages IX-34, IX-36 thru IX-39, IX-41, IX-43, and IX-46. Explain the rows that start with 9999 in the year column. Provide any supporting calculations.

Response:

- a. The exposures at the beginning of age interval 0 represent assets that relate to 1995-2014. Therefore, only 1995 and subsequent vintages would be in age 0. However, the total original cost relates to the surviving vintages as of December 31, 2014. Assets can come into service after age 0 due to transactions such as transfers.
- b. The rows with 9999 as the vintage represent Contributions in Aid of Construction (CIAC) and Customer Advances (CAC). The CIAC and CAC amounts have not been maintained by vintage so they are assigned vintage 9999 and depreciated consistently with the composite rate of the account.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

- 64.** Refer to KAWC's Application, Exhibit 37, Schedule C, page 2 of 9, and the Spanos Testimony, Depreciation Study, page VI-5. The forecasted test-year depreciation expense is calculated to be \$14,948,095.
- a. Recalculate the forecasted test-year depreciation expense using the accrual rates that are included in the Depreciation Study.
 - b. Provide a schedule comparing KAWC's current depreciation lives with the deprecation lives proposed in this current case. The schedule should show the differences between current and proposed lives with an explanation for each difference.
 - c. Provide a schedule that lists the 13-month forecasted plant balances.
 - d. Provide copies of the work papers and/or schedules requested in Items 64.a., 64.b., and 64.c. in Microsoft Excel format.

Response:

- a. The forecasted test-year depreciation expense was calculated using the accrual rates from the depreciation study. Please refer to Excel document; Rate Base KY Capital Through 08.31.2017; the "Actv Depr Exp" worksheet and the "Actv COR" worksheet. This document was included in response to Item 3 of the Commission Staff's first request for information.
- b. The attached schedule, KAW_R_PSCDR2_NUM064_032416_Attachment, sets forth a comparison of the current depreciation lives with the depreciation lives proposed in the current case. Average service lives change due to historical activity, an understanding of the current asset base, an expectation of future life expectancies and plans of the Company for the assets.
- c. Please refer to Schedule B.2.1 filed with the Application for a schedule of 13-month forecasted plant balances in summary. This schedule was provided as part of Exhibit 37 in the original filing, and the Excel version was provided as part of the workpapers in response to Item 3 of the Commission Staff's First Request for Information, labelled Exhibit 37 Schedules B1 – B8 8.31.2017. The monthly plant balances are found on the tab marked "UPIS linkin" in the Excel file which is also WP 1-1 and is pages 5 through 10 of 746 in response to that same Item.

d. Please refer to parts a, b and c above.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **John J. Spanos**

- 65.** Refer to the Spanos Testimony, Depreciation Study. On page V-2 of the Depreciation Study, Mr. Spanos identifies the average service life and equal life group as the two primary group procedures. On page 2, Mr. Spanos states that the average service life procedure was used to develop the depreciation accrual rates shown on page VI-5 of the Depreciation Study.
- a. State why the average service life procedure was chosen.
 - b. State whether Mr. Spanos also calculated depreciation accrual rates using the equal life group procedure as part of his review of KAWC's depreciation practices.

Response:

- a. The average service life procedure was chosen because it is the current procedure utilized for depreciation rates, it is the method KAWC has utilized for many rate cases for capital recovery and produced depreciation rates most consistent with current rates.
- b. Mr. Spanos calculates depreciation rates using the Average Service Life and Equal Life Group procedure as part of his review in all depreciation studies he performs.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **John J. Spanos**

- 66.** Refer to the Spanos Testimony. If Mr. Spanos calculated depreciation accrual rates using the equal life group procedure, show the calculation of those accrual rates in the same format shown on Page VI-5 of the Depreciation Study.

Response:

The attached schedule sets forth depreciation accrual rates using the equal life group procedure in the same format as pages VI-5 through VI-7 of the Depreciation Study.

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2014

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AS OF DECEMBER 31, 2014 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL		COMPOSING REMAINING LIFE (9)		
						AMOUNT (7)	RATE (8)=(7)/(4)			
<u>STRUCTURES AND IMPROVEMENTS</u>										
304.10	SOURCE OF SUPPLY	50-S0.5	(10)	19,702,930.67	1,555,709	20,117,515	615,396	3.12	32.7	
304.20	POWER AND PUMPING STRUCTURES									
	KENTUCKY RIVER STATION	60-R1.5	*	(15)	2,864,305.93	1,337,928	1,956,024	86,694	3.03	22.6
	FRANKLIN COUNTY TANK AND BOOSTER STATION	60-R1.5	*	(15)	4,720,826.87	407,928	5,021,023	147,464	3.12	34.0
	OTHER STRUCTURES	60-R1.5		(15)	1,970,900.24	536,859	1,729,676	49,383	2.51	35.0
	TOTAL ACCOUNT 304.20			9,556,033.04	2,282,715	8,706,723	283,541	2.97	30.7	
304.30	WATER TREATMENT									
	KENTUCKY RIVER STATION	60-R1.5	*	(15)	3,738,064.57	1,138,051	3,160,723	136,601	3.65	23.1
	KENTUCKY RIVER STATION II	60-R1.5	*	(15)	28,113,173.56	1,530,713	30,799,436	929,552	3.31	33.1
	RICHMOND ROAD STATION TREATMENT PLANT	60-R1.5	*	(15)	3,010,913.05	1,015,501	2,447,049	121,013	4.02	20.2
	OTHER STRUCTURES	60-R1.5		(15)	1,947,460.65	273,569	1,966,011	52,236	2.68	37.6
	TOTAL ACCOUNT 304.30			36,809,611.83	3,957,834	38,373,219	1,239,402	3.37	31.0	
304.40	TRANSMISSION AND DISTRIBUTION	40-R2.5		(5)	917,658.95	609,642	353,900	15,111	1.65	23.4
304.60	OFFICE BUILDINGS									
	MAIN OFFICE	60-R2	*	(15)	6,580,259.63	1,261,113	6,306,185	256,761	3.90	24.6
	OTHER STRUCTURES	60-R2		(15)	3,511,986.66	627,728	3,411,057	88,936	2.53	38.4
	TOTAL ACCOUNT 304.60			10,092,246.29	1,888,841	9,717,242	345,697	3.43	28.1	
304.70	STORE, SHOP AND GARAGE STRUCTURES	55-R2		0	1,757,378.21	417,594	1,339,784	38,657	2.20	34.7
304.80	MISCELLANEOUS STRUCTURES	25-S0.5		0	1,386,565.83	63,343	1,323,222	106,650	7.69	12.4
	TOTAL ACCOUNT 304			80,222,424.82	10,775,679	79,931,605	2,644,454	3.30	30.2	
305.00	COLLECTING AND IMPOUNDING RESERVOIRS	70-R3		0	854,646.28	269,131	585,515	15,274	1.79	38.3
306.00	LAKE, RIVER AND OTHER INTAKES	50-S1		(10)	1,630,781.88	380,905	1,412,955	42,308	2.59	33.4
309.00	SUPPLY MAINS	70-R3		(10)	18,571,338.59	3,403,704	17,024,768	328,813	1.77	51.8
310.10	OTHER POWER GENERATION EQUIPMENT	35-R3		(5)	2,797,503.82	543,437	2,393,942	100,265	3.58	23.9
<u>PUMPING EQUIPMENT</u>										
311.20	ELECTRIC	43-S0.5		(15)	15,190,660.84	2,395,649	15,073,611	609,943	4.02	24.7
311.30	DIESEL	43-S0.5		(15)	433,456.17	143,807	354,668	17,314	3.99	20.5
311.40	HYDRAULIC	43-S0.5		(15)	382,746.71	9,117	431,042	19,797	5.17	21.8
311.52	SOURCE OF SUPPLY	43-S0.5		(15)	11,847,163.43	1,154,628	12,469,610	448,995	3.79	27.8
311.54	TRANSMISSION AND DISTRIBUTION PUMPING EQUIPMENT	43-S0.5		(15)	94,347.20	3,036	105,463	3,891	4.12	27.1
	TOTAL ACCOUNT 311			27,948,374.35	3,706,238	28,434,394	1,099,940	3.94	25.9	
320.10	PURIFICATION SYSTEM - STRUCTURES									
	KENTUCKY RIVER STATION	55-R3	*	(15)	4,643,710.65	2,646,540	2,693,727	156,521	3.37	17.2
	KENTUCKY RIVER STATION II	55-R3	*	(15)	14,644,017.18	1,225,747	15,614,873	387,040	2.64	40.3
	RICHMOND ROAD STATION TREATMENT PLANT	55-R3	*	(15)	6,952,424.28	2,815,216	5,180,072	247,616	3.56	20.9
	OTHER STRUCTURES	55-R3		(15)	2,435,413.37	688,310	2,112,415	63,066	2.59	33.5
	TOTAL ACCOUNT 320.10			28,675,565.48	7,375,813	25,601,087	854,243	2.98	30.0	
320.11	PURIFICATION SYSTEM - EQUIPMENT	27-L2		(15)	10,164,816.80	3,213,416	8,476,123	619,782	6.10	13.7
320.20	PURIFICATION SYSTEM - FILTER MEDIA	10-S3		0	742,339.73	624,686	117,654	21,983	2.96	5.4
	TOTAL ACCOUNT 320			10,907,156.53	3,838,102	8,593,777	641,765	5.88	13.4	

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2014

DEPRECIABLE GROUP (1)		SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AS OF DECEMBER 31, 2014 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
							ACCRUAL AMOUNT (7)	ACCRUAL RATE (8)=(7)/(4)	
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	55-R4	(10)	1,771,358.24	342,105	1,606,389	38,307	2.16	41.9
330.10	ELEVATED TANKS AND STANDPIPES	55-R4	(10)	10,930,352.61	3,890,223	8,133,165	224,195	2.05	36.3
330.20	GROUND LEVEL FACILITIES	55-R4	0	2,912,613.49	186,216	2,726,398	56,938	1.95	47.9
330.40	CLEARWELLS	55-R4	0	1,096,315.61	132,801	963,514	20,362	1.86	47.3
	TOTAL ACCOUNT 330			16,710,639.95	4,551,345	13,429,466	339,802	2.03	39.5
331.00	MAINS AND ACCESSORIES	85-R3	(25)	231,000,140.04	36,888,213	251,861,962	4,079,100	1.77	61.7
333.00	SERVICES	52-R3	(75)	33,537,375.18	16,738,259	41,952,148	1,244,839	3.71	33.7
	<u>METERS</u>								
334.10	METERS	40-R0.5	(20)	10,190,322.35	(1,243,290)	13,471,677	609,339	5.98	22.1
334.11	BRONZE CASE	40-R0.5	(20)	1,601,962.99	250,819	1,671,536	69,956	4.37	23.9
334.12	PLASTIC CASE	40-R0.5	(20)	281,243.57	(43,413)	380,905	16,637	5.92	22.9
334.13	OTHER	40-R0.5	(20)	4,829,282.51	(43,035)	5,838,174	245,858	5.09	23.7
	TOTAL ACCOUNT 334.1			16,902,811.42	(1,078,918)	21,362,292	941,790	5.57	22.7
334.20	METER INSTALLATIONS	40-R0.5	(20)	16,136,245.69	4,752,257	14,611,238	710,911	4.41	20.6
334.30	METER VAULTS	40-R0.5	(20)	751,479.59	(46,782)	948,557	44,496	5.92	21.3
335.00	FIRE HYDRANTS	70-R4	(40)	14,842,364.09	3,219,068	17,560,241	343,498	2.31	51.1
339.60	OTHER P/E COMPANY PLANNING STUDY	10-SQ	0	615,609.75	211,951	403,659	61,560	10.00	6.6
	<u>OFFICE FURNITURE AND EQUIPMENT</u>								
340.10	FURNITURE	20-SQ	0	627,473.47	300,948	326,525	31,371	5.00	10.4
340.15	COMPUTER SOFTWARE - SPECIAL RATE	10-SQ	0	11,943,983.92	2,357,819	9,586,165	1,194,399	10.00	8.0
340.21	MAINFRAME	5-SQ	0	67,231.24	33,681	33,550	13,447	20.00	2.5
340.22	PERSONAL COMPUTERS	5-SQ	0	494,722.87	304,236	190,487	98,945	20.00	1.9
340.23	PERIPHERAL-OTHER	5-SQ	0	1,309,552.78	404,285	905,268	261,911	20.00	3.5
340.30	COMPUTER SOFTWARE	5-SQ	0	1,032,031.37	255,232	776,799	206,406	20.00	3.8
340.32	COMPUTER SOFTWARE-PERSONAL	5-SQ	0	297,838.26	32,156	265,682	59,567	20.00	4.5
340.50	OTHER	15-SQ	0	16,685.41	11,811	4,874	1,113	6.67	4.4
	TOTAL ACCOUNT 340			15,789,519.32	3,700,168	12,089,350	1,867,159	11.83	6.5
	<u>TRANSPORTATION EQUIPMENT</u>								
341.10	LIGHT DUTY TRUCKS	10-L2.5	15	1,902,195.84	508,477	1,108,389	205,655	10.81	5.4
341.20	HEAVY DUTY TRUCKS	11-L2	15	2,049,860.95	356,697	1,385,685	211,856	10.34	6.5
341.30	AUTOS	10-S2.5	20	63,562.74	20,435	30,415	6,887	10.83	4.4
341.40	OTHER	9-L2.5	20	868,391.52	187,103	507,611	107,370	12.36	4.7
	TOTAL ACCOUNT 341			4,884,011.05	1,072,713	3,032,100	531,768	10.89	5.7
342.00	STORES EQUIPMENT	25-SQ	0	30,241.65	6,436	23,806	1,210	4.00	19.7
343.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	2,210,012.40	862,859	1,347,153	110,501	5.00	12.2
344.00	LABORATORY EQUIPMENT	15-SQ	0	1,274,096.10	348,564	925,532	84,941	6.67	10.9
345.00	POWER OPERATED EQUIPMENT	23-S1.5	10	1,359,771.07	686,858	536,936	45,281	3.33	11.9
346.10	COMMUNICATION EQUIPMENT - NON-TELEPHONE	15-SQ	0	310,520.43	83,195	227,325	20,702	6.67	11.0
346.19	REMOTE CONTROL AND INSTRUMENTATION	15-SQ	0	2,885,851.25	665,334	2,220,517	192,389	6.67	11.5
346.20	COMMUNICATION EQUIPMENT - TELEPHONE	15-SQ	0	92,694.65	24,614	68,081	6,180	6.67	11.0
347.00	MISCELLANEOUS EQUIPMENT	20-SQ	0	1,687,584.70	596,654	1,090,931	84,379	5.00	12.9
348.00	OTHER TANGIBLE PROPERTY	20-SQ	0	117,627.86	93,996	23,632	5,881	5.00	4.0
	TOTAL DEPRECIABLE PLANT			532,746,387.94	103,669,792	547,692,969	16,443,449	3.09	33.3

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2014

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AS OF DECEMBER 31, 2014 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
						ACCRUAL AMOUNT (7)	ACCRUAL RATE (8)=(7)/(4)	
OVERRECOVERED RESERVE FOR AMORTIZATION								
339.60				71,284			(14,257)	**
340.10				26,554			(5,311)	**
340.15				827,624			(165,525)	**
340.21				16,981			(3,396)	**
340.22				172,468			(34,494)	**
340.23				27,541			(5,508)	**
340.30				418,616			(83,723)	**
340.32				69,772			(13,954)	**
340.50				894			(179)	**
342.00				(6,436)			1,287	**
343.00				(1,211)			242	**
344.00				(120,764)			24,153	**
346.10				(75,272)			15,054	**
346.19				(206,727)			41,345	**
346.20				(20,878)			4,176	**
347.00				(93,072)			18,614	**
348.00				2,569			(514)	**
TOTAL OVERRECOVERED RESERVE FOR AMORTIZATION				1,109,944			(221,989)	
NONDEPRECIABLE PLANT								
301.00			37,450.43					
302.00			70,260.82					
303.20			1,078,374.40					
303.30			218,054.70					
303.40			800,183.34					
303.50			7,473,930.66					
TOTAL NONDEPRECIABLE PLANT				9,678,254.35				
TOTAL PLANT			542,424,642.29	104,779,735	547,692,969	16,221,460		

* LIFESPAN PROCEDURE WAS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

** 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO UTILIZATION OF AMORTIZATION ACCOUNTING.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Dr. James H. Vander Weide

- 67.** Refer to the Direct Testimony of James H. Vander Weide, PH.D. (“Vander Weide Testimony”), pages 9–16.
- a. Describe the specific risks to American Water with regard to the five elements of business risk as listed on the bottom of page 10 to the top of page 11, and indicate how KAWC contributes specifically to, or tends to alleviate, those risks.
 - b. Describe the specific level of American Water’s financial leverage in comparison to other water utilities.

Response:

- a. The five primary determinants of KAW’s business risk, as noted in the Direct Testimony of James H. Vander Weide, are: (1) demand uncertainty; (2) operating expense uncertainty; (3) investment cost uncertainty; (4) high operating leverage; and (5) regulatory uncertainty.

These risk factors, in varying degrees, are faced by all of American Water’s operating subsidiaries. The extent to which each of these factors is impacting KAWC is discussed in the Direct Testimony of KAWC witness Linda C. Bridwell. With respect to demand uncertainty, Ms. Bridwell notes on pages 9-10 that the industry, including KAWC, “is facing declining customer usage,” which has been caused by factors such as the “increasing prevalence of low flow (water efficient) plumbing fixtures and appliances within residential households, customers’ conservation efforts, and conservation programs implemented by the federal government, state government, and other entities. Moreover, weather impacts water consumption not only as a result of cooling degree day variations, but also because of ground moisture, rain and even the threat of rain.”

Operating expense uncertainty is a concern for the Company particularly as it relates to variability in production costs such as fuel and power and chemicals. The Company has strived to control its operating expenses, but the uncertainty of their future variability poses a risk to the Company.

Investment cost uncertainty impacts the Company primarily due to its aging water and wastewater infrastructure that will need to be replaced. There is uncertainty related to the investment costs required to improve the Company’s business operations and to maintain and replace the Company’s aging plant and equipment. And as noted on page 9 of Ms. Bridwell’s Direct Testimony, “there are significant

competing demands for capital for other infrastructure,” which will impose risk on KAWC related to the cost and availability of capital.

Operating leverage, as noted by Dr. Vander Weide, “is the increased sensitivity of a company’s earnings to sales variability that arises when some of the company’s costs are fixed.” For water utilities such as KAWC, this is evidenced by its relatively high degree of fixed plant and equipment, or capital, relative to its sales. As Ms. Bridwell noted on pages 8-9 of her Direct Testimony, “the ratio of dollars invested in utility plant per dollar of revenue for the water industry is approximately 150% higher than the comparable ratio for the electric utility industry, and approximately 240% higher than the comparable ratio for the natural gas distribution utility industry.” The Company’s high operating leverage affects its business risk by increasing the variability of its income. As Dr. Vander Weide notes on page 13 of his Direct Testimony, “[g]enerally speaking, the higher a company’s operating leverage, the higher is the variability of the company’s operating profits.”

Regulatory uncertainty for KAWC arises from the need to set rates that allow the Company the opportunity to recover its cost of service in a timely manner and earn a fair and reasonable return on investment. This regulatory uncertainty would be mitigated by the KPSC’s authorization of the Company’s QIP proposal in this case. The adoption of the QIP proposal would, in turn, reduce the Company’s investment cost uncertainty.

- b. At December 31, 2015, the combined capital structure of American Water’s operating subsidiaries contains 3.60 percent short-term debt, 46.25 percent long-term debt, 0.13 percent preferred stock, and 50.02 percent common equity (see TABLE 1). The composite capital structure of the Value Line water utilities, other than American Water Works, contains 3.03 percent short-term debt, 43.44 percent long-term debt, 0.05 percent preferred stock, and 53.48 percent common equity (see TABLE 2). The other Value Line water utilities are American States Water, Aqua America, California Water, Conn. Water Services, Consolidated Water, Middlesex Water, SJW Corp., and York Water Co.

TABLE 1

**COMPARISON OF THE COMBINED CAPITAL STRUCTURE RATIOS
OF AMERICAN WATER’S OPERATING SUBSIDIARIES AT
DECEMBER 31, 2015
TO KAW’S REQUESTED CAPITAL STRUCTURE**

CAPITAL COMPONENT	AMERICAN WATER SUBSIDIARIES' COMBINED CAPITAL STRUCTURE	KAW REQUESTED CAPITAL STRUCTURE
Short-Term Debt	3.60%	1.500%
Long-Term Debt	46.25%	50.585%
Preferred Stock	0.13%	0.563%
Common Equity	50.02%	47.352%
Total	100.00%	100.00%

TABLE 2

**COMPOSITE CAPITAL STRUCTURE OF THE VALUE LINE WATER UTILITIES
(DATA DOWNLOADED FROM VALUE LINE ON MARCH 18, 2016)**

CAPITAL COMPONENT	WATER UTILITIES' COMBINED CAPITAL STRUCTURE
Short-term Debt	3.03%
Long-Term Debt	43.44%
Preferred Equity	0.05%
Common Equity	53.48%
Total	100.00%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Dr. James Vander Weide

- 68.** Refer to the Vander Weide Testimony, page 35.
- a. Provide current AA- and A-rated utility bond yields.
 - b. Refer to lines 12–13. Explain why 34 basis points are added to the *Value Line Investment Survey* (“*Value Line*”) AAA Corporate bond forecast.
 - c. Refer to line 18. Explain why 18 basis points are added to the Energy Information Administration’s (“EIA”) AA-utility bond forecast.
 - d. Refer to lines 5–8. Discuss the current status of interest rates.

Response:

- a. The February average yields on AA and A-rated utility bonds are 3.94 percent and 4.11 percent, respectively.
- b. Dr. Vander Weide added 34 basis points to the Value Line AAA-rated corporate bond interest rate forecast in order to estimate the Value Line forecast of the interest rate on A-rated utility bonds. Dr. Vander Weide required a Value Line A-rated utility forecast because American Water Works is an A-rated utility, and Value Line only provides an explicit forecast of the yield on AAA-rated corporate bonds. Therefore, Dr. Vander Weide estimated the Value Line forecast of the yield on A-rated utility bonds by adjusting Value Line’s forecasted yield for AAA corporate bonds to account for the 34-basis-point difference between the average yield on AAA corporate bonds and the average yield on A-rated utility bonds. As discussed on page 35, at the time of Dr. Vander Weide’s studies, the difference between the average yield on AAA-rated corporate and A-rated utility bonds was 34 basis points. Please see Dr. Vander Weide’s testimony, p. 35.
- c. Dr. Vander Weide added 18 basis points to the Energy Information Administration’s (“EIA”) AA-utility bond forecast in order to obtain an estimate of EIA’s forecast yield on A-rated utility bonds. Similar to the reasoning discussed in response to part b above, Dr. Vander Weide estimated EIA’s forecast of the yield on A-rated utility bonds by adjusting the EIA AA-rated utility bond forecast to account for the difference between the yields on AA-rated and A-rated utility bonds. As discussed on page 35, this difference was 18 basis points at the time Dr. Vander Weide prepared his direct testimony.
- d. Interest rates have declined somewhat since the time Dr. Vander Weide prepared the studies presented in his direct testimony. However, Value Line, for example,

forecasts that interest rates are likely to rise in 2016 and will continue to increase over the next five years.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Dr. James Vander Weide

- 69.** Refer to the Vander Weide Testimony, page 41, line 16.
- a. Explain why 43 basis points are added to *Value Line's* forecast yield on 10-year Treasury notes.
 - b. Explain why the 43 basis points, which is based on the spread between *Value Line's* 10-year Treasury notes and *Value Line's* 20-year Treasury bonds, is added to the EIA 10-year Treasury notes, instead of adding the spread between the EIA 10-year Treasury notes and 20-year Treasury bonds.

Response:

- a. Dr. Vander Weide added 43 basis points to Value Line's forecast of the yield on 10-year Treasury notes in order to obtain an estimate of Value Line's forecast of the interest rate on 20-year Treasury bonds. Dr. Vander Weide needed an estimate of the interest rate on 20-year Treasury bonds because the CAPM requires an estimate of the risk-free rate over the life of Kentucky-American's investment in plant and equipment, and this investment is long-lived. In addition, Value Line provides a forecast of the yield on 10-year Treasury bonds, but does not provide a forecasted yield on 20-year Treasury bonds. To estimate the forecast yield on 20-year Treasury bonds Dr. Vander Weide adjusted Value Line's forecasted yield on 10-year Treasury notes to account for the difference between the average yield on 10-year Treasury notes and 20-year Treasury bonds. At the time of his studies, this difference was 43 basis points.
- b. The question mischaracterizes Dr. Vander Weide's testimony. As discussed on page 41, Dr. Vander Weide states, "the current spread between the average November 2015 yield on 10-year Treasury notes (2.26 percent) and 20-year Treasury bonds (2.69 percent) is 43 basis points." Contrary to the statement in the question, Dr. Vander Weide does not attribute the November 2015 spread to either Value Line or EIA because the 43 basis points is an actual spread, not a forecasted spread. To obtain the Value Line and EIA implicit forecast yields on 20 year Treasury bonds, Dr. Vander Weide simply adds the actual 43-basis-point spread between the average yield on 10-year Treasury notes and 20-year Treasury bonds at November 2015 to Value Line's and EIA's forecasts of the future yields on 10-year Treasury notes. Neither Value Line nor EIA provide forecast yields on 20-year Treasury bonds.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Dr. James Vander Weide

70. Provide a current published yield on 20-year Treasury bonds.

Response:

The Federal Reserve statistical release dated March 7, 2016, indicates that the average yield on 20-year Treasury bonds for the week ending March 4, 2016, is 2.25 percent.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Dr. James Vander Weide

- 71.** Refer to the Vander Weide Testimony, page 45, responses to questions 101 and 102. Confirm that the risk premium on the market portfolio is equal to 7.76, as indicated in response to Question 102, instead of 7.6, as indicated in response to question 101.

Response:

Dr. Vander Weide confirms that the risk premium on the market portfolio in Dr. Vander Weide's direct testimony, Schedule 8, is 7.76 percent.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Dr. James Vander Weide

- 72.** Refer to the Vander Weide Testimony, page 49, Table 2. Provide this table without the flotation cost adjustments.

Response:

The model results without a flotation cost adjustment are shown below in Table 1.

**TABLE 1
COST OF EQUITY MODEL RESULTS
WITHOUT FLOTATION COST ADJUSTMENT**

Method	Model Result
DCF—Water Utilities	9.3%
DCF—Natural Gas Utilities	9.9%
Ex Ante Risk Premium	11.0%
Ex Post Risk Premium	10.5%
CAPM – Historical	10.6%
CAPM – DCF-based	10.0%
Range of Results	9.3% - 11.0%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

- 73.** Refer to the Vander Weide Testimony, page 52. State whether KAWC is aware that the Commission approved a capital structure for Atmos Energy Corporation consisting of 49.16 percent equity in Case No. 2013-00148;¹ that Columbia Gas of Kentucky's rate cases have been settled with no ruling by the Commission as to a reasonable capital structure since 1989,² when it approved a capital structure with 47.24 percent common equity; that the last capital structure approved by the Commission for affiliates Kentucky Utilities Company and Louisville Gas and Electric Company was in Case Nos. 2009-00548³ and 2009-00549,⁴ respectively, reflecting 53.86 percent common equity; and that, although not included in Table 4, the Commission approved capital structures with equity percentages of 44.9 percent for Delta Natural Gas Company in Case No. 2010-00116⁵ and 43.9 percent for Kentucky Power Company in Case No. 2014-00396.⁶

Response:

KAWC does not dispute that utilities have had capital structures approved by the Commission that contained less than 45% equity, but also notes that the majority of the utilities in this request have equity percentages above the 45% restriction imposed on KAWC. While the percentages of debt and equity in capital structures fluctuate from time to time based on, among other things, market conditions and the business needs and operations of the utilities, KAWC believes it is the only utility regulated by the Commission that is subject to an equity cap. KAWC simply requests that it be afforded the same ability as other utilities to optimize its capital structure to benefit ratepayers, subject to the Commission's investigation and review.

¹ Case No. 2013-00148, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC Apr. 22, 2014).

² Case No. 10498, *Adjustment of Rates of Columbia Gas of Kentucky, Inc.* (Ky. PSC Oct. 6, 1989).

³ Case No. 2009-00549, *Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates* (Ky. PSC July 30, 2010).

⁴ Case No. 2009-00548, *Application of Kentucky Utilities Company for an Adjustment of Base Rates* (Ky. PSC July 30, 2010).

⁵ Case No. 2010-00116, *Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates* (Ky. PSC Oct. 21, 2010).

⁶ Case No. 2014-00396, *Application of Kentucky Power Company for: (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving Its 2014 Environmental Compliance Plan; (3) An Order Approving Its Tariffs and Riders; and (4) An Order Granting All Other Required Approvals and Relief* (Ky. PSC June 22, 2014).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Dr. James Vander Weide

- 74.** Refer to the Vander Weide Testimony, Exhibit_(JVW-1), Schedule 1-1.
- a. Explain why Consolidated Water Company is appropriate to include in the water utility proxy group given that the *Value Line* reports that this company operates seawater desalination plants, has no operations in the United States, and its recent earnings per share growth has been negative.
 - b. Explain whether Consolidated Water Company has been included in the water utility proxy group in previous rate filings for KAWC, and if not, why not.
 - c. Refer to the *Value Line* EPS Growth and I/B/E/S forecast of future earnings growth for SJW Corp. Explain why there is such a large difference in the two forecasted growth rates.

Response:

- a. Dr. Vander Weide included Consolidated Water Company in his water utility proxy group because Consolidated Water satisfied his selection criteria stated on page 27, lines 11 – 17.
- b. Consolidated Water Company was not included in Dr. Vander Weide's water utility proxy group in previous rate filings because Consolidated Water did not satisfy Dr. Vander Weide's proxy selection criteria at the time he prepared his prior testimonies. Specifically, Consolidated Water was not included in the Value Line Investment Survey at the time of Dr. Vander Weide's previous testimony on behalf of Kentucky American. Consolidated Water was first included in the Value Line water utility group in January 2014.
- c. Dr. Vander Weide uses the forecasted growth rates as they are reported. He does not know why there is a large difference between the Value and I/B/E/S forecasted growth rates for SJW.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Dr. James Vander Weide

75. Refer to the Vander Weide Testimony, Exhibit_(JVW-1), Schedules 1-1 and 2-1.
- a. Provide the individual I/B/E/S forecasts and *Value Line* used for earnings growth forecasts in calculating the average “g” for the DCF analysis.
 - b. Provide a revised Schedule 2-1 so that it is in the same format and shows all the same information for gas utilities that Schedule 1-1 contains for water utilities. The revised schedule should set out the DCF model results both with and without flotation costs.
 - c. Provide the market weights used to calculate the market-weighted Averages in both schedules, show how they were calculated, and explain why results are weighted for market capitalization.
 - d. Provide the most current earned and approved returns on equity (“ROEs”) for the proxy groups of water and gas utilities or their subsidiaries, including all American Water subsidiaries.
 - e. Provide Schedule 1-1 with no flotation cost adjustments.

Response:

- a. Dr. Vander Weide does not have the earnings growth estimates of the individual analysts contributing to the I/B/E/S consensus growth estimates for each company; the I/B/E/S consensus growth forecasts used in his studies are shown on the schedules and in his work papers. The Value Line Investment Survey reports used for earnings growth forecasts in calculating the average “g” for the DCF analyses are provided in the attachment.
- b. The revised Schedule 2-1 is provided. Dr. Vander Weide notes that he generally does not use both the I/B/E/S and the Value Line EPS growth forecasts in preparing DCF analyses for the natural gas utilities because, unlike the I/B/E/S growth estimates for the water utilities, the I/B/E/S growth forecasts for the natural gas utilities have generally included the growth estimates of more than a single analyst.

Table 1
Schedule 2 Revised

	COMPANY	MOST RECENT QUARTERLY DIVIDEND (d ₀)	STOCK PRICE (P ₀)	VALUE LINE EPS GROWTH	I/B/E/S FORECAST OF FUTURE EARNINGS GROWTH	AVERAGE FORECAST OF FUTURE EARNINGS GROWTH	MARKET CAP \$ (MIL)	DCF MODEL RESULT	DCF MODEL RESULT NO FLOTATION
1	Atmos Energy	0.420	59.094	7.0%	7.0%	7.0%	6,334	10.1%	10.0%
2	Laclede Group	0.460	55.159	10.0%	4.4%	7.2%	2,492	11.1%	10.9%
3	New Jersey Resources	0.240	29.978	4.0%	6.0%	5.0%	2,628	8.5%	8.3%
4	Northwest Nat. Gas	0.468	46.028	7.0%	4.0%	5.5%	1,307	10.2%	9.9%
5	South Jersey Inds.	0.251	25.005	7.0%	6.0%	6.5%	1,651	11.2%	11.0%
6	UGI Corp.	0.228	35.000	5.0%	8.0%	6.5%	6,032	9.5%	9.3%
7	WGL Holdings Inc.	0.463	58.232	5.5%	7.0%	6.3%	2,978	9.9%	9.7%
8	Average							10.1%	9.9%
9	Market-weighted Average							9.9%	9.8%
10	Average simple, market-weighted							10.0%	9.8%

c. The market capitalizations for the proxy utilities are shown in Dr. Vander Weide's work papers provided in response to Staff Data Request No. 2-77. Dr. Vander Weide did not calculate the market capitalization values; rather, the values are the market values of the proxy utilities as reported by Thomson Reuters at the time Dr. Vander Weide prepared his studies in December 2015. Dr. Vander Weide weights results for market capitalization because he is seeking to estimate investors' required return on a portfolio of water utility equities, and market values are the best measure of the relative weight of each utility in the utility equity marketplace.

d. The most current earned ROEs for the companies in the natural gas utility proxy groups are shown below in Table 2; the data are reported in The Value Line Investment Survey, March 4, 2016. The current earned ROEs for the proxy water utilities are not yet available in Value Line. The current approved ROEs for the natural gas utilities are provided in Table 3. The information on the natural gas utility allowed returns is from SNL RRA. Dr. Vander Weide does not have information on the current approved ROEs for the water utilities, except for the American Water Company subsidiaries, which are shown in Table 3.

Table 2
Natural Gas Utilities' Earned Returns on Equity 2015

Company	Earned ROE 2015
Atmos Energy	9.90%
Laclede Group	8.70%
New Jersey Resources	13.70%
Northwest Nat. Gas	6.90%
South Jersey Inds.	11.20%

UGI Corp.	12.40%
WGL Holdings Inc.	12.70%

Table 3
Natural Gas Utilities' Current Allowed Returns on Equity

Proxy Company	Approved ROE
Laclede Gas Co.	NA
New Jersey Natural Gas Co	10.3%
Northwest Natural Gas Co.	9.5%
Piedmont Natural Gas Co.	10% (NC)
Piedmont Natural GasCo.	10.2% (TN)
South Jersey Gas Co.	9.75%
UGI Central Penn Gas	NA
Washington Gas & Light	9.25% (DC)
Washington Gas & Light	9.5% (MD)
Washington Gas & Light	10.0% (VA)

Table 3
American Water Subsidiaries' Current Allowed Returns on Equity

American Water Subsidiary	Approved ROE
Indiana-American Water Co.	9.75%
Iowa-American Water Company	9.41%
Kentucky-American Water Co.	9.70%
Maryland-American Water Co.	10.00%
California-American Water Co.	9.99%
Missouri-American Water Co. *	10.00%
New Jersey-American Water Co.	9.75%
Pennsylvania-American Water Co. *	10.25%
Illinois-American Water Co.	9.34%
Tennessee-American Water Co.	10.00%
Virginia-American Water Co.	9.75%
West Virginia-American Water	9.75%
Hawaii-American Water Co.	10.20%
New York American Water	9.65%

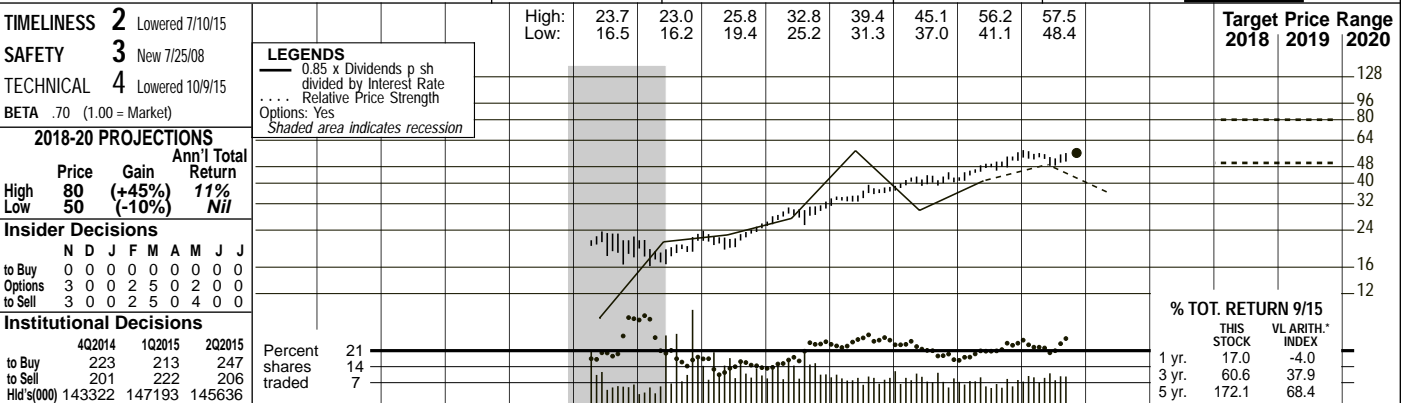
* The ROE listed is the Company's view of the ROE allowed in the case; the ROE was not disclosed in the Order or the applicable settlement agreement.

- e. Please see **Table 4** and Dr. Vander Weide's work papers provided in response to Staff DR No. 2-77.

Table 4
Schedule 1 Revised

	Company	Most Recent Quarterly Dividend (D ₀)	Stock Price (P ₀)	Value Line EPS Growth	I/B/E/S Forecast of Future Earnings Growth	Average Forecast of Future Earnings Growth	Market Cap \$ (Mil)	DCF Model Result	DCF Model Result No Flotation
1	Amer. States Water	0.224	40.558	6.00%	4.00%	5.00%	1,523	7.4%	7.3%
2	Amer. Water Works	0.340	55.619	7.00%	7.59%	7.30%	10,278	10.1%	10.0%
3	Aqua America	0.178	27.305	7.50%	5.55%	6.53%	5,122	9.4%	9.3%
4	California Water	0.168	21.948	6.50%	5.00%	5.75%	1,043	9.3%	9.1%
5	Conn. Water Services	0.268	36.112	4.50%	5.00%	4.75%	396	8.1%	7.9%
6	Consolidated Water	0.075	11.503	12.50%	7.00%	9.75%	172	12.9%	12.7%
7	Middlesex Water	0.199	24.530	5.00%	2.70%	3.85%	401	7.4%	7.2%
8	SJW Corp.	0.195	30.491	1.50%	14.00%	7.75%	610	10.8%	10.6%
9	York Water Co. (The)	0.150	22.322	6.50%	4.90%	5.70%	295	8.7%	8.6%
10	Average							9.3%	9.2%
11	Market-weighted Average							9.6%	9.5%
12	Average simple, market-weighted							9.5%	9.3%

AMERICAN WATER NYSE-AWK **RECENT PRICE 55.62** **P/E RATIO 21.1** (Trailing: 22.2 Median: NMF) **RELATIVE P/E RATIO 1.21** **DIV'D YLD 2.6%** **VALUE LINE**



1999	2000	2001	2002	2003	2004	2005	2006	2007 ^E	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
--	--	--	--	--	--	--	13.08	13.84	14.61	13.98	15.49	15.18	16.25	16.28	16.78	17.20	18.00	Revenues per sh	21.60
--	--	--	--	--	--	--	.65	d.47	2.87	2.89	3.56	3.73	4.27	4.36	4.75	5.00	5.25	"Cash Flow" per sh	6.50
--	--	--	--	--	--	--	d.97	d2.14	1.10	1.25	1.53	1.72	2.11	2.06	2.39	2.60	2.80	Earnings per sh ^A	3.25
--	--	--	--	--	--	--	--	--	.40	.82	.86	.90	1.21	.84	1.21	1.33	1.45	Div'd Decl'd per sh ^B	1.75
--	--	--	--	--	--	--	4.31	4.74	6.31	4.50	4.38	5.27	5.25	5.50	5.33	5.50	6.50	Cap'l Spending per sh	6.50
--	--	--	--	--	--	--	23.86	28.39	25.64	22.91	23.59	24.11	25.11	26.52	27.39	28.95	30.65	Book Value per sh ^D	36.75
--	--	--	--	--	--	--	160.00	160.00	160.00	174.63	175.00	175.66	176.99	178.25	179.46	181.50	183.50	Common Shs Outst'g ^C	185.00
--	--	--	--	--	--	--	--	--	18.9	15.6	14.6	16.8	16.7	19.9	20.0	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
--	--	--	--	--	--	--	--	--	1.14	1.04	.93	1.05	1.06	1.12	1.05			Relative P/E Ratio	1.25
--	--	--	--	--	--	--	--	--	1.9%	4.2%	3.8%	3.1%	3.4%	2.0%	2.5%			Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 6/30/15
 Total Debt \$6316.1 mil. Due in 5 Yrs \$1294.5 mil.
 LT Debt \$5433.2 mil. LT Interest \$298.0 mil.
 (52% of Cap'l)

Leases, Uncapitalized: Annual rentals \$14.0 mill.
Pension Assets 12/14 \$1428.2 mill
Obliq. \$1746.5 mill.
Pfd Stock \$14.3 mill.
Pfd Div'd \$.5 mill

Common Stock 180,256,635 shs. as of 7/30/2015

MARKET CAP: \$10.0 billion (Large Cap)

BUSINESS: American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 15 million people in over 47 states and Canada. (Regulated presence in 16 states.) Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 88.8% of 2014 revenues.

New Jersey is its largest market accounting for 22.7% of regulated revenues. Has roughly 6,400 employees. BlackRock, Inc., owns 10.0% of outstanding shares; Vanguard, 6.3%; officers & directors, less than 1.0%. (3/15 Proxy). Pres. & CEO: Susan Story. Chairman: George Mackenzie. Addr.: 1025 Laurel Oak Road, Voorhees, NJ 08043. Tel.: 856-346-8200. Internet: www.amwater.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 to '18-'20

Revenues	--	3.0%	4.5%
"Cash Flow"	--	20.5%	6.5%
Earnings	--	NMF	7.0%
Dividends	--	21.5%	8.5%
Book Value	--	.5%	5.5%

The stock of American Water Works Company has been on a roll. Since our last report three months ago, shares of AWK have increased 8.9% in value. That the S&P 500 declined 4.9% during the same period makes the equity's showing all the more impressive.

rate even though it is a regulated entity. The top line is aided by purchasing other water districts, while the bottom line benefits from managements focus on cost controls. Indeed, operating expenses as a percentage of revenues have been declining for some time. For the 12-month period ending June 30th, the ratio was 35.9%, compared to 37.7% over the similar time from one year ago.

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	618.5	745.6	831.8	681.0	2876.9
2013	636.1	724.3	829.2	712.3	2901.9
2014	679.0	754.8	846.1	731.4	3011.3
2015	698.1	782.1	884.8	755	3120
2016	735	830	920	815	3300

The utility should continue to benefit from its size. America's water industry is incredibly fragmented. Exclude the small districts and there are still more than 50,000 operating authorities in existence. Because large sums are needed to modernize the long-neglected water infrastructure, small entities are selling themselves to concerns that have the financial wherewithal to make the necessary repairs. Since there are many redundancies in this business, the company is able to modernize the assets of its acquisitions while also cutting costs.

Construction expenditures are set to increase. Over the past five years, American Water has spent almost \$1 billion annually to modernize its water systems. Management expects this amount to jump 20% and average \$1.2 billion per annum through late decade. Internally generated funds should finance most of the capital outlays, but a fair amount of additional long-term debt will also be required. Still, the company's balance should remain relatively average for the foreseeable future.

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.28	.66	.87	.30	2.11
2013	.32	.57	.84	.33	2.06
2014	.39	.62	.86	.52	2.39
2015	.44	.68	.95	.53	2.60
2016	.48	.72	1.03	.57	2.80

Earning prospects remain bright. We expect the company's share net to increase a healthy 9% this year, to \$2.60. The good news should continue into 2016, as an 8% rise in per-share earnings is likely. American Water is atypical in that it has been able to sustain a strong income growth

These shares are timely. So, momentum investors seeking a low-volatility stock with a decent yield may find AWK of interest. Longer-term accounts should probably look elsewhere.

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.22	.23	.23	.23	.91
2012	.23	.23	.25	.50	1.21
2013	--	.28	.28	.28	.84
2014	.28	.31	.31	.31	1.21
2015	.31	.34	.34		

James A. Flood
 October 16, 2015

Company's Financial Strength B+
Stock's Price Stability 100
Price Growth Persistence 85
Earnings Predictability 30

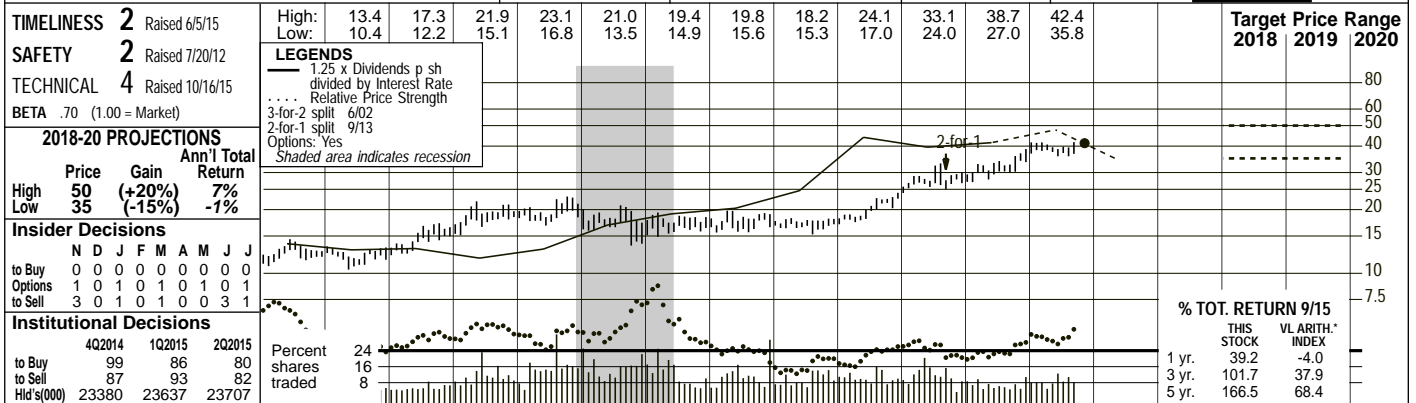
(A) Diluted earnings. Excludes nonrecurring losses: '08, \$4.62; '09, \$2.63; '11, \$0.07. Discontinued operations: '06, (\$0.04); '11, \$0.03; '12, (\$0.10); '13, (\$0.01). GAAP used as of 2014. Next earnings report due early Nov. Quarterly earnings may not sum due to rounding. (B) Dividends paid in March, June, September, and December. ■ Div. reinvestment available. Two payments made in 4th quarter of 2012. (C) In millions. (D) Includes intangibles. In 2014: \$1.21 billion, \$6.73/share. (E) Pro forma numbers for '06 & '07.

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AMER. STATES WATER NYSE-AWR

RECENT PRICE **41.33** P/E RATIO **26.0** (Trailing: 25.4 Median: 20.0) RELATIVE P/E RATIO **1.49** DIV'D YLD **2.2%** VALUE LINE



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20	
6.45	6.08	6.53	6.89	6.99	6.81	7.03	7.88	8.75	9.21	9.74	10.71	11.12	12.12	12.19	12.17	12.20	12.35	Revenues per sh	14.85
1.13	1.10	1.26	1.27	1.04	1.11	1.32	1.45	1.65	1.69	1.70	2.11	2.13	2.48	2.65	2.67	2.75	2.95	"Cash Flow" per sh	3.50
.60	.64	.67	.67	.39	.53	.66	.67	.81	.78	.81	1.11	1.12	1.41	1.61	1.57	1.60	1.70	Earnings per sh A	2.15
.43	.43	.43	.44	.44	.44	.45	.46	.48	.50	.51	.52	.55	.64	.76	.83	.87	.92	Div'd Decl'd per sh B	1.15
2.15	1.51	1.59	1.34	1.88	2.51	2.12	1.95	1.45	2.23	2.09	2.12	2.13	1.77	2.52	1.89	2.10	2.15	Cap'l Spending per sh	2.20
5.91	6.37	6.61	7.02	6.98	7.51	7.86	8.32	8.77	8.97	9.70	10.13	10.84	11.80	12.72	13.24	12.70	13.20	Book Value per sh	14.85
26.87	30.24	30.24	30.36	30.42	33.50	33.60	34.10	34.46	34.60	37.06	37.26	37.70	38.53	38.72	38.29	36.90	36.50	Common Shs Outst'g C	37.00
17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	21.2	15.7	15.4	14.3	17.2	20.1			Avg Ann'l P/E Ratio	20.5
.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.41	1.00	.97	.91	.97	1.06			Relative P/E Ratio	1.30
4.2%	4.2%	3.9%	3.6%	3.5%	3.6%	3.1%	2.5%	2.5%	2.9%	2.9%	3.0%	3.2%	3.1%	2.7%	2.6%			Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 6/30/15		2013	2014	6/30/15	Leases, Uncapitalized: Annual rentals \$0.4 mill.		Pension Assets-12/14 \$140.6 mill.		Pfd Stock None.		Common Stock 37,240,678 shs. as of 8/3/15		MARKET CAP: \$1.5 billion (Mid Cap)	
Total Debt	\$325.9 mill.	236.2	268.6	301.4	Annual rentals \$0.4 mill.		\$140.6 mill.		None		37,240,678 shs.		\$1.5 billion	
LT Debt	\$325.6 mill.	22.5	23.1	28.0	Oblig. \$185.2 mill.									
LT Interest	\$22.0 mill.	47.0%	40.5%	42.6%										
(41% of Cap'l)		--	12.2%	8.5%										
		50.4%	48.6%	46.9%										
		49.6%	51.4%	53.1%										
		532.5	551.6	569.4										
		713.2	750.6	776.4										
		5.4%	6.0%	6.7%										
		8.5%	8.1%	9.3%										
		8.5%	8.1%	9.3%										
		2.8%	2.7%	3.9%										
		67%	67%	58%										

BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden States Water Company, it supplies water to 258,191 customers in 75 communities and 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to 23,716 customers in the city of Big Bear Lake and in areas of San Bernardino County. Sold Chaparral City Water of Arizona (6/11). Has 707 employees. Blackrock, Inc., owns 9.8% of out. shares; Vanguard, 8.5%; off. & dir. 1.5%. (4/15 Proxy). Chairman: Lloyd Ross. President & CEO: Robert J. Sprowls, Inc. CA. Addr: 630 East Foothill Boulevard, San Dimas, CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.

American States Water's main subsidiary operates in drought-stricken California. Golden State Water is responsible for almost 85% of the company's total business activity. Due to the lack of potable water, state regulators implemented measures in June aimed at reducing water consumption by 25%. **The sharp drop in the demand for water should not have a material impact on the company.** In a prescient move, the California Public Utility Commission (CPUC) got out in front of a potential problem by changing the methodology water utilities use to calculate income. In the past, profits were mostly determined by the amount of water sold. In the recent past, utilities' compensation was changed to be more like a service fee. As a result, water companies are joining with the CPUC to aggressively pursue conservation. If the old system had remained in place, Golden State would probably be financially strapped and unable to both provide adequate service to its customers while replacing an aging infrastructure. **The near-term profit outlook is mixed.** We only expect American States to earn \$1.60 a share in 2015, the second-straight year of flattish bottom-line growth. Income gains are being restrained because the utility is already earning close to the rate established by the CPUC. Next year, earnings should improve due to rate relief and help from nonregulated activities (see below). In sum, we expect share net to increase \$0.10, to \$1.70, a solid 6% gain. **Nonregulated activities are doing well.** The company's ASUS segment provides water services to military installations. For the first half of the year, ASUS was responsible for 15% of the company's net income. With more privatization expected in the future, increased contributions from this sector are likely. **Short-term investors may like these shares.** The stock has turned in an excellent performance since our July report, as its value rose 6.5%, compared to the S&P 500's 4.9% decline. Our ranking system believes this good run will continue as it has pegged the stock to outperform the market averages in the year ahead. The equity's recent rally has left AWR with subpar long-term prospects, however. *James A. Flood* *October 16, 2015*

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	107.6	114.3	133.5	111.5	466.9
2013	110.6	120.7	130.9	109.9	472.1
2014	102.0	115.6	138.3	109.9	465.8
2015	100.9	114.6	129.5	105	450
2016	95.0	110	135	110	450

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.27	.40	.49	.26	1.41
2013	.35	.43	.53	.30	1.61
2014	.28	.39	.54	.36	1.57
2015	.32	.41	.55	.32	1.60
2016	.31	.46	.60	.33	1.70

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.13	.14	.14	.14	.55
2012	.14	.14	.1775	.1775	.64
2013	.1775	.1775	.2025	.2025	.76
2014	.2025	.2025	.213	.213	.83
2015	.213	.213	.224		

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 7c; '05, 13c; '06, 3c; '08, (14c); '10, (23c); '11, 10c. Next earnings report due mid-November. Quarterly earnings may not add due to rounding. (B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available. (C) In millions, adjusted for splits. Company's Financial Strength A Stock's Price Stability 85 Price Growth Persistence 70 Earnings Predictability 85 To subscribe call 1-800-VALUELINE

CONNECTICUT WATER NDQ-CTWS

RECENT PRICE **36.64** P/E RATIO **17.5** (Trailing: 18.0 Median: 21.0) RELATIVE P/E RATIO **1.00** DIV/D YLD **2.9%** VALUE LINE

TIMELINESS **3** Lowered 11/21/14
 SAFETY **3** New 1/18/13
 TECHNICAL **4** Lowered 10/9/15
 BETA .65 (1.00 = Market)

2018-20 PROJECTIONS
 High Price 50 Gain (+35%) Ann'l Total Return 10%
 Low Price 35 Gain (-5%) Return 2%

Insider Decisions
 N D J F M A M J J
 to Buy 0 0 0 0 0 0 0 0
 Options to Buy 0 0 0 0 0 0 0 0
 to Sell 0 0 0 0 0 0 0 0

Institutional Decisions
 4Q2014 1Q2015 2Q2015
 to Buy 36 37 54
 to Sell 46 40 37
 Hlds(000) 4296 4289 4391

High: 29.8 28.2 27.7 25.6 29.0 26.4 27.9 29.1 32.8 36.4 37.5 38.6
 Low: 23.8 21.9 20.3 22.4 19.3 17.3 20.0 23.3 26.2 27.8 31.0 33.2

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
5.87	5.70	5.93	5.77	5.91	6.04	5.81	5.68	7.05	7.24	6.93	7.65	7.93	9.47	8.29	8.45	8.65	9.00	Revenues per sh	12.90
1.65	1.73	1.78	1.78	1.89	1.91	1.62	1.52	1.90	1.95	1.93	2.04	2.11	2.64	2.63	2.97	3.20	3.40	"Cash Flow" per sh	3.65
1.03	1.09	1.13	1.12	1.15	1.16	.88	.81	1.05	1.11	1.19	1.13	1.13	1.53	1.66	1.92	2.05	2.10	Earnings per sh A	2.25
.79	.79	.80	.81	.83	.84	.85	.86	.87	.88	.90	.92	.94	.96	.98	1.01	1.05	1.09	Div'd Decl'd per sh B	1.30
1.42	1.43	1.86	1.98	1.49	1.58	1.96	1.96	2.24	2.44	3.28	3.06	2.61	2.79	3.02	4.11	4.60	4.15	Cap'l Spending per sh	3.00
8.61	8.92	9.25	10.06	10.46	10.94	11.52	11.60	11.95	12.23	12.67	13.05	13.50	20.95	17.92	18.83	20.10	21.15	Book Value per sh D	23.35
7.26	7.28	7.65	7.94	7.97	8.04	8.17	8.27	8.38	8.46	8.57	8.68	8.76	8.85	11.04	11.12	11.20	11.35	Common Shs Outst'g C	12.00
18.2	18.2	21.5	24.3	23.5	22.9	28.6	29.0	23.0	22.2	18.4	20.7	23.0	19.4	18.4	17.5	18.0	17.5	Avg Ann'l P/E Ratio	19.0
1.04	1.18	1.10	1.33	1.34	1.21	1.52	1.57	1.22	1.34	1.23	1.32	1.44	1.23	1.03	.92	1.03	.92	Relative P/E Ratio	1.20
4.2%	4.0%	3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%	3.9%	3.6%	3.2%	3.2%	3.0%	3.2%	3.0%	Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 6/30/15
 Total Debt \$183.5 mill. Due in 5 Yrs \$19.3 mill.
 LT Debt \$177.3 mill. LT Interest \$7.0 mill. (45% of Cap'l)

Leases, Uncapitalized: Annual rentals \$.1 mill.
 Pension Assets-12/14 \$61.6 mill. Oblig. \$79.8 mill.

Pfd Stock \$0.8 mill. Pfd Divd NMF

Common Stock 11,168,731 shs. as of 7/31/15
 MARKET CAP: \$400 million (Small Cap)

CURRENT POSITION	2013	2014	6/30/15
Cash Assets	18.4	2.5	3.1
Accounts Receivable	12.3	12.0	11.5
Other	16.2	21.7	21.1
Current Assets	46.9	36.2	35.7
Accts Payable	10.8	10.0	9.2
Debt Due	4.1	4.4	6.2
Other	7.8	9.2	9.5
Current Liab.	22.7	23.6	24.9

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues (\$mill)	97.0	102	102	102	102	102	102	102	102	102
Net Profit (\$mill)	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Income Tax Rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
AFUDC % to Net Profit	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Long-Term Debt Ratio	46.9%	46.9%	46.9%	46.9%	46.9%	46.9%	46.9%	46.9%	46.9%	46.9%
Common Equity Ratio	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%
Total Capital (\$mill)	410	425	425	425	425	425	425	425	425	425
Net Plant (\$mill)	525	550	550	550	550	550	550	550	550	550
Return on Total Cap'l	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Return on Shr. Equity	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Return on Com Equity	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Retained to Com Eq	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
All Div'ds to Net Prof	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%

BUSINESS: Connecticut Water Service, Inc. is a non-operating holding company, whose income is derived from earnings of its wholly-owned subsidiary companies (regulated water utilities). In 2014, 93% of net income was derived from these activities. Provides water services to 400,000 people in 77 municipalities throughout Connecticut and Maine. Acquired The Maine Water Company, January, 2012; Biddeford and Saco Water, December, 2012. Incorporated: Connecticut. Has 265 employees. Chairman/President/Chief Executive Officer: Eric W. Thornburg. Officers and directors own 2.3% of the common stock; BlackRock, Inc. 7.0%; (4/15 proxy). Address: 93 West Main Street, Clinton, CT 06413. Telephone: (860) 669-8636. Internet: www.ctwater.com.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	4.0%	4.5%	6.0%
"Cash Flow"	4.0%	7.5%	4.5%
Earnings	4.0%	9.0%	4.5%
Dividends	2.0%	2.0%	5.0%
Book Value	6.5%	9.5%	4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2012	18.5 21.3 24.5 19.5	83.8
2013	19.7 22.6 27.6 21.6	91.5
2014	20.3 25.4 27.6 20.7	94.0
2015	20.0 26.6 28.9 21.5	97.0
2016	22.5 27.5 30.0 22.0	102

Cal-endar	EARNINGS PER SHARE A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2012	.22 .47 .67 .17	1.53
2013	.24 .39 .86 .17	1.66
2014	.27 .67 .76 .22	1.92
2015	.28 .77 .77 .23	2.05
2016	.32 .68 .85 .25	2.10

Cal-endar	QUARTERLY DIVIDENDS PAID B	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2011	.233 .233 .238 .238	.942
2012	.238 .238 .2425 .2425	.962
2013	.2425 .2425 .2475 .2475	.98
2014	.2475 .2475 .2575 .2575	1.01
2015	.2575 .2575 .2675	

Shares of Connecticut Water Service have been strong performers of late. Since our last report in July, the price of the equity has increased 5.0%, compared to the 4.9% decline posted by the S&P 500. Much of the gain is probably due to investors fleeing riskier sectors of the market for stocks, such as Connecticut Water, that carry low Betas, well-defined earnings streams, and higher yields. Also, **The last dividend hike was a start of a new trend, in our opinion.** The utility's annual payout growth has been 2% over the past five- and 10-year periods, several hundred basis points lower than that of the typical water utility. Through 2018-2020, we expect the rate to be 5%. **There's a downside to the good news.** For starters, most of the company's positive attributes now appear to be factored into the stock price. In the near term, CTWS is pegged to mirror the market averages. Too, the equity's total return potential to late decade is now subpar. **Meanwhile, Connecticut Water's bottom line is poised for a solid showing this year.** Second-quarter share net came in at \$0.77, versus 2014's \$0.67, and the

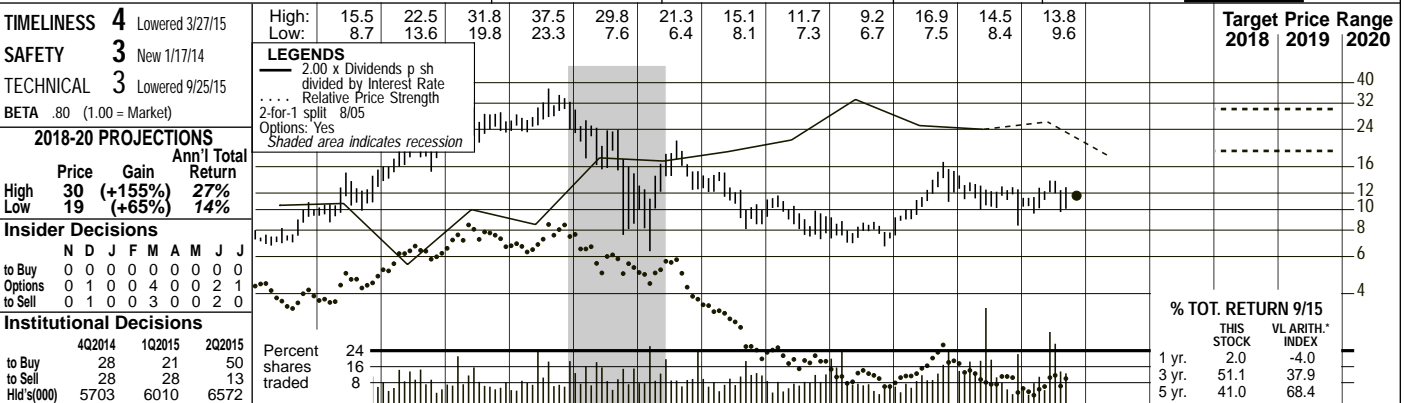
Wall Street consensus of \$0.66. A lower-than-expected tax rate and a strong showing by the Maine subsidiary were the primary reasons for the excellent results. In addition, the large gain came despite what we believe was a one-time spike in expenses. All told, earnings per share should rise 4%, despite last year's difficult comparison. We are sticking with our \$2.10-a-share estimate in 2016, even though it could prove conservative. **Connecticut Water is expanding its customer base.** The company purchased two decent-sized water utilities in the recent past and may add smaller districts in the future. Since there are many redundant expenses in this industry, expenses can be trimmed. Connecticut Water is also building out its existing pipelines infrastructure to serve the University of Connecticut's Storrs campus, as well as the greater Manfield area. This will result in higher capital outlays through 2016. The company currently has the financial wherewithal to handle the construction program, so there shouldn't be an appreciable decline in its financial metrics. *James A. Flood* *October 16, 2015*

(A) Diluted earnings. Next earnings report due mid-November. Quarterly earnings do not add in 2012 due to rounding.
 (B) Dividends historically paid in mid-March.
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 (D) Includes intangibles. In 2014: \$31.7 million/\$2.85 a share.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	50
Earnings Predictability	85

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CONSOL. WATER CO. NDQ-CWCO RECENT PRICE **11.66** P/E RATIO **22.4** (Trailing: 24.8 Median: 28.0) RELATIVE P/E RATIO **1.28** DIV'D YLD **2.6%** **VALUE LINE**



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
1.25	1.24	1.41	1.52	1.68	2.02	1.12	2.71	3.41	4.52	3.99	3.49	3.79	4.49	4.35	4.46	3.95	4.35	Revenues per sh	5.95
.43	.46	.52	.50	.63	.77	.37	.87	1.20	.95	1.18	.86	.83	1.17	.96	.80	.70	.80	"Cash Flow" per sh	1.60
.31	.34	.35	.32	.42	.49	.23	.59	.79	.50	.74	.43	.42	.64	.58	.42	.50	.60	Earnings per sh A	1.10
.08	.17	.20	.21	.21	.23	.12	.24	.20	.33	.28	.30	.30	.30	.30	.30	.30	.30	Div'd Decl'd per sh B	.40
.24	.30	.24	.39	.19	.24	.77	1.83	.54	.46	.18	.09	.96	.31	.29	.32	.20	.60	Cap'l Spending per sh	.60
1.96	2.30	2.45	2.64	3.89	4.20	2.54	7.49	8.21	8.36	8.53	8.69	8.83	9.20	9.44	9.58	9.85	10.00	Book Value per sh	13.65
6.38	7.73	7.84	7.99	11.37	11.51	23.46	14.13	14.40	14.53	14.54	14.55	14.57	14.59	14.69	14.72	14.75	15.00	Common Shs Outst'g C	16.00
11.7	10.4	13.9	21.6	19.3	23.1	NMF	43.0	35.4	37.8	19.0	26.9	22.4	12.4	20.0	28.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	21.0
.67	.68	.71	1.18	1.10	1.22	NMF	2.32	1.88	2.27	1.27	1.71	1.41	.79	1.12	1.49			Relative P/E Ratio	1.30
2.2%	4.9%	4.2%	3.1%	2.6%	2.0%	.7%	.9%	.7%	1.7%	2.0%	2.6%	3.2%	3.8%	2.6%	2.5%			Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 6/30/15		2013	2014	6/30/15	2013	2014	6/30/15	2013	2014	6/30/15	2013	2014	6/30/15	2013	2014	6/30/15	2013	2014	6/30/15		
Total Debt \$8.0 mill. Due in 5 Yrs \$8.0 mill.		26.2	38.2	49.2	65.7	58.0	50.7	55.2	65.5	63.8	65.6	58.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	Revenues (\$mill)	95.0
LT Debt None LT Interest None		5.5	7.5	11.4	7.2	10.8	6.3	6.1	9.3	8.6	6.3	7.5	9.0	NMF	NMF	NMF	NMF	NMF	NMF	Net Profit (\$mill)	17.5
Leases, Uncapitalized: Annual rentals \$.7 mill.		--	--	--	--	--	--	--	--	--	--	--	--	NMF	NMF	NMF	NMF	NMF	NMF	Income Tax Rate	NMF
No Defined Benefit Pension Plan		24.5%	18.2%	15.9%	14.8%	13.8%	11.8%	5.1%	3.7%	3.7%	--	Nil	Nil	100%	100%	100%	100%	100%	100%	AFUDC % to Net Profit	NMF
Pfd Stock NMF (36,840 shares out.) Div'd NMF		75.4%	81.8%	84.1%	85.2%	86.2%	88.2%	94.9%	96.3%	99.8%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Long-Term Debt Ratio	Nil
Common Stock 14,750,800 shs. as of 8/5/14		78.9	129.3	140.7	142.7	143.9	143.3	135.6	139.4	138.9	141.2	145	150	145	150	150	150	150	150	Common Equity Ratio	100%
MARKET CAP: \$175 million (Small Cap)		44.8	63.6	65.0	65.1	61.2	56.2	64.3	61.6	58.6	56.4	63.0	69.0	63.0	69.0	69.0	69.0	69.0	69.0	Total Capital (\$mill)	205
CURRENT POSITION		7.5%	6.5%	8.8%	5.7%	8.1%	4.9%	5.0%	7.0%	6.2%	4.4%	5.0%	6.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	Net Plant (\$mill)	100
		9.3%	7.1%	9.6%	5.9%	8.7%	5.0%	4.7%	6.9%	6.2%	4.4%	5.0%	6.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	Return on Total Cap'l	8.5%
		9.2%	7.1%	9.6%	5.9%	8.7%	5.0%	4.7%	6.9%	6.2%	4.4%	5.0%	6.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	Return on Shr. Equity	8.5%
		4.6%	4.2%	6.5%	2.8%	4.6%	1.5%	1.0%	3.6%	3.0%	1.2%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Return on Com Equity	8.5%
		50%	41%	33%	52%	46%	69%	79%	48%	51%	73%	60%	50%	60%	50%	50%	50%	50%	50%	Retained to Com Eq	5.0%
																				All Div'ds to Net Prof	36%

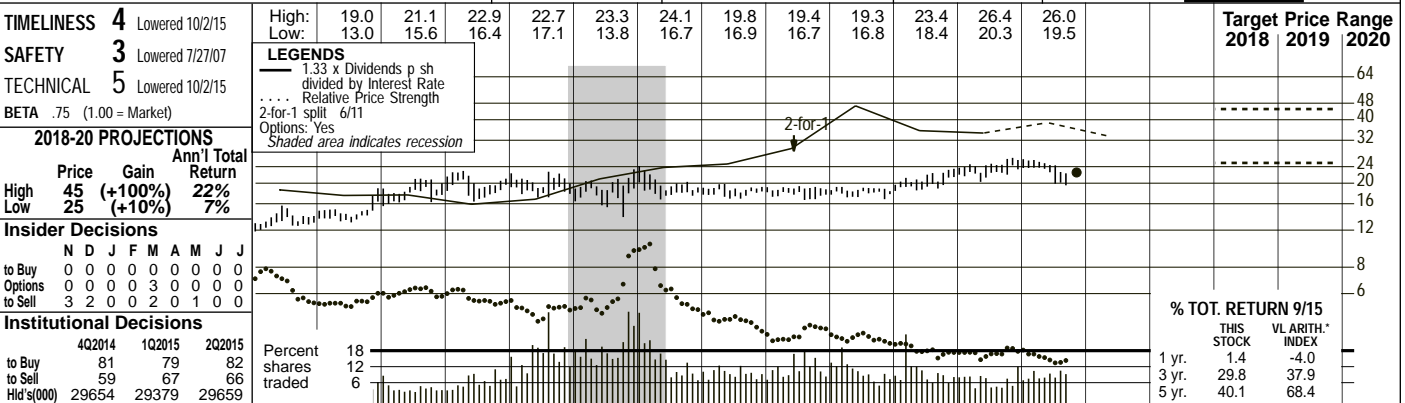
BUSINESS: Consolidated Water Co. Ltd. develops and operates seawater desalination plants and water distribution systems in areas where naturally occurring supplies of potable water are scarce or nonexistent. Its desalination process involves reverse osmosis tech. It provides water in the Cayman Islands, Belize, the Bahamas, the British Virgin Islands, and Bali. At 12/31/14, it operated 14 plants with a capacity of 26.5 million gallons per day. Inc.: Cayman Isl. Has 119 employees. Pres./CEO: Frederick McTaggart. Off./dir. own 3.3% of stock; Thomson, Horstmann, & Bryant, 6.2% (4/15 proxy). Address: Regatta Office Park Windward Three, 4th Floor, West Bay Road P.O. Box 1114 Grand Cayman, KYI-1102, Cayman Islands. Tel.: (345) 945-4277. Int.: www.cwco.com.

Shares of Consolidated Water have not performed well of late. Even with a recent rally, the stock of the nonregulated developer and operator of desalination facilities has been the worst performer in the group since our July report. Indeed, the value of the stock has declined 7.5%, compared to the 5.1% average return posted by seven other members of the industry. (*California Water* is excluded.) **Ironically, most of the company's current problems are the result of its regulated businesses.** Consolidated Water uses desalination plants to operate water systems in the Cayman and the British Virgin Islands (BVI). The Caymans are responsible for 42% of the company's revenues, and 60% of its operating profit. The license with the government is scheduled to expire at yearend, but the company expects the agreement to be extended. Litigation has been ongoing, however, as authorities are attempting to change the current profit model. In addition, Consolidated and the BVI authorities have been in a dispute over the value of a project taken over by the BVI. The company won the last major court battle, but the dispute has not yet been settled. According to accounting rules, Consolidated must mark to market the estimated value of the facility each quarter. In the June period, this shaved \$0.02 a share off of the bottom line. **One promising new venture is up and running, while another is on the way.** In 2015, a plant was completed on the high-end tourist destination of Bali. Home to many four- and five-star hotels, the island suffers from a severe shortage of potable water. Although modestly in the red, this facility should eventually prove to be a solid money maker. Also, construction should begin in the near future on a \$600 million project in Mexico that will provide water to the growing cities of San Diego and Tijuana, both of which are in dire need of more water. Consolidated would be the operator and hold a 12% equity stake. **These untimely shares offer both greater risk and reward than other stocks in the Water Industry.** With water now considered a valuable commodity, CWCO could well provide risk-oriented investors with wide appreciation potential to 2018-2020. *James A. Flood* *October 16, 2015*

(A) Fully diluted earnings. Next earnings report due mid-November.	ment plan available.	Company's Financial Strength	B+
(B) Dividends historically paid in late January, April, July and October. ■ Dividend reinvest-	(C) In millions adjusted for stock split.	Stock's Price Stability	30
		Price Growth Persistence	5
		Earnings Predictability	50

CALIFORNIA WATER NYSE-CWT

RECENT PRICE **22.48** P/E RATIO **19.2** (Trailing: 19.1, Median: 20.0) RELATIVE P/E RATIO **1.10** DIV'D YLD **3.1%** VALUE LINE



Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Revenues per sh	7.98	8.08	8.13	8.67	8.18	8.59	8.72	8.10	8.88	9.90	10.82	11.05	12.00	13.34	12.23	12.50	12.50	14.50
"Cash Flow" per sh	1.37	1.26	1.10	1.32	1.26	1.42	1.52	1.36	1.56	1.86	1.93	1.93	2.07	2.32	2.21	2.47	2.50	3.25
Earnings per sh ^A	.77	.66	.47	.63	.61	.73	.74	.67	.75	.95	.98	.91	.86	1.02	1.02	1.19	1.15	1.55
Div'd Decl'd per sh ^B	.54	.55	.56	.56	.56	.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.65	.67	.97
Cap'l Spending per sh	1.72	1.23	2.04	2.91	2.19	1.87	2.01	2.14	1.84	2.41	2.66	2.97	2.83	3.04	2.58	2.76	3.00	3.15
Book Value per sh ^C	6.71	6.45	6.48	6.56	7.22	7.83	7.90	9.07	9.25	10.13	10.45	10.76	11.28	12.54	13.11	13.55	14.15	16.00
Common Shs Outst'g ^D	25.87	30.29	30.36	30.36	33.86	36.73	36.78	41.31	41.33	41.45	41.53	41.67	41.82	41.98	47.74	47.81	48.00	50.00
Avg Ann'l P/E Ratio	17.8	19.6	27.1	19.8	22.1	20.1	24.9	29.2	26.1	19.8	19.7	20.3	21.3	17.9	20.1	19.7	20.0	23.0
Relative P/E Ratio	1.01	1.27	1.39	1.08	1.26	1.06	1.33	1.58	1.39	1.19	1.31	1.29	1.34	1.14	1.13	1.04	1.04	1.45
Avg Ann'l Div'd Yield	4.0%	4.3%	4.4%	4.5%	4.2%	3.9%	3.1%	2.9%	3.0%	3.1%	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	2.8%	3.0%

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Revenues (\$mill) ^E	320.7	334.7	367.1	410.3	449.4	460.4	501.8	560.0	584.1	597.5	585	600	600	725	
Net Profit (\$mill)	27.2	25.6	31.2	39.8	40.6	37.7	36.1	42.6	47.3	56.7	55.0	65.0	65.0	77.5	
Income Tax Rate	42.4%	37.4%	39.9%	37.7%	40.3%	39.5%	40.5%	37.5%	30.3%	33.0%	28.0%	29.5%	29.5%	36.0%	
AFUDC % to Net Profit	3.3%	10.6%	8.3%	8.6%	7.6%	4.2%	7.6%	8.0%	4.3%	2.7%	7.0%	5.5%	5.5%	5.0%	
Long-Term Debt Ratio	48.3%	43.5%	42.9%	41.6%	47.1%	52.4%	51.7%	47.8%	41.6%	40.1%	42.5%	43.5%	43.5%	41.5%	
Common Equity Ratio	51.1%	55.9%	56.6%	58.4%	52.9%	47.6%	48.3%	52.2%	58.4%	59.9%	57.5%	56.5%	56.5%	58.5%	
Total Capital (\$mill)	568.1	670.1	674.9	690.4	794.9	914.7	931.5	908.2	1024.9	1045.9	1135	1205	1205	1370	
Net Plant (\$mill)	862.7	941.5	1010.2	1112.4	1198.1	1294.3	1381.1	1457.1	1515.8	1590.4	1680	1760	1760	1820	
Return on Total Cap'l	6.3%	5.2%	5.9%	7.1%	6.5%	5.5%	5.5%	6.3%	6.0%	6.3%	6.0%	6.0%	6.0%	7.0%	
Return on Shr. Equity	9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	8.5%	9.5%	9.5%	9.5%	
Return on Com Equity	9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	8.5%	9.5%	9.5%	9.5%	
Retained to Com Eq	2.1%	1.0%	1.8%	3.8%	3.8%	3.0%	2.3%	3.4%	3.4%	4.1%	3.5%	4.5%	4.5%	3.5%	
All Div'ds to Net Prof	78%	86%	77%	61%	60%	66%	71%	62%	56%	55%	58%	51%	51%	63%	

CAPITAL STRUCTURE as of 6/30/15
 Total Debt \$550.0 mill. Due in 5 Yrs \$165.8 mill.
 LT Debt \$416.8 mill. LT Interest \$23.0 mill. (40% of Cap'l)
Pension Assets-12/14 \$306.3 mill. Oblig. \$390.6 mill.
Pfd Stock None
Common Stock 47,878,659 shs. as of 7/22/15
MARKET CAP: \$1.1 billion (Mid Cap)

Year	2013	2014	6/30/15
Cash Assets (\$mill)	27.5	19.6	24.5
Other	112.0	134.5	125.7
Current Assets	139.5	154.1	150.2
Accts Payable	55.1	59.4	68.7
Debt Due	54.7	85.7	133.2
Other	56.8	72.6	68.5
Current Liab.	166.6	217.7	270.4

Year	2012	2013	2014	2015	2016
Quarterly Revenues (\$mill) ^E	116.8	143.6	178.1	121.5	560.0
Quarterly Earnings (\$mill)	111.4	154.6	184.4	133.7	584.1
Quarterly Dividends (\$mill)	110.5	158.4	191.2	137.4	597.5
Quarterly Book Value (\$mill)	122.0	144.4	183.6	135	585
Full Year	120	150	190	140	600

Year	2012	2013	2014	2015	2016
Earnings per Share ^A	.03	.31	.56	.12	1.02
Dividends per Share	.01	.28	.61	.12	1.02
Book Value per Share	d.11	.36	.70	.24	1.19
Dividends per Share	.03	.21	.69	.22	1.15
Book Value per Share	.05	.35	.70	.25	1.35

Year	2011	2012	2013	2014	2015
Quarterly Dividends Paid ^B	.154	.154	.154	.154	.62
Quarterly Earnings	.1575	.1575	.1575	.1575	.63
Quarterly Dividends	.16	.16	.16	.16	.64
Quarterly Earnings	.1625	.1625	.1625	.1625	.65
Quarterly Dividends	.1675	.1675	.1675		

Shares of California Water have done poorly for a water company. The equity of every other regulated water utility we follow recorded positive returns that averaged 5.1% since our July report. This is in sharp contrast to CWT, which has declined 5.1%, basically mirroring the performance of the broader market averages.

Poor second-quarter earnings obviously put downward pressure on the stock. Share net came in at \$0.21, versus our \$0.35 estimate and last year's \$0.36 figure. Due to water restrictions implemented by the California Public Utility Commission (CPUC), demand for water was expected to decrease. However, because the CPUC altered the methodology utilities use to calculate earnings, the large drop in income took the market by surprise. Mechanisms were implemented, so water companies' profits would be derived more from fees and "decoupled" from the amount of water sold.

Despite some confusion among investors, we believe most of the lost profits will eventually be recovered. When water sales drop, the company's accrued unbilled revenue increases. Thus, the tim-

ing of California Water's share net is changed. To reflect this, we have lowered 2015's share-net estimate \$0.10, to \$1.15, while raising 2016's by \$0.10, to \$1.35.

An important rate case was filed earlier this year. Water utilities are required to file petitions seeking rate relief triennially. California Water asked for \$140 million over the period, with the majority of the request front-loaded. Water utilities and the CPUC appear to have reached a balanced relationship, in which the utilities are allowed to earn a fair return on investment in modernizing the water infrastructure, as long as expenses are kept in check. As a result, we expect the CPUC's final decision to be reasonable.

The weak stock price may have presented long-term investors with a nice entry point. Though ranked 4 (Below Average) for year-ahead relative price performance, the equity now has much higher total return potential than almost every other regulated water utility. In addition, CWT has gone from having one of the lowest dividend yields in the industry to one of the highest.

James A. Flood
 October 16, 2015

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (4c); '01, 2c; '02, 4c; '11, 4c. Next earnings report due mid-Nov. (B) Dividends historically paid in late Feb., May, Aug., and Nov. (C) Div'd reinvestment plan available. (D) In millions, adjusted for splits. (E) Excludes non-reg. rev. Company's Financial Strength B++ Stock's Price Stability 95 Price Growth Persistence 35 Earnings Predictability 85

MIDDLESEX WATER NDQ-MSEX		RECENT PRICE	P/E RATIO	Trailing: 20.7 Median: 21.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range																																																					
		24.24	20.0		1.14	3.2%		2018	2019	2020																																																			
TIMELINESS	3 Lowered 4/11/14	High: 21.8	23.5	20.5	20.2	19.8	17.9	19.3	19.4	19.6	22.5	23.7	25.0																																																
SAFETY	2 New 10/21/11	Low: 16.7	17.1	16.5	16.9	12.0	11.6	14.7	16.5	17.5	18.6	19.1	21.2																																																
TECHNICAL	4 Lowered 10/9/15	LEGENDS 1.20 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 1/02 4-for-3 split 11/03 Options: No Shaded area indicates recession																																																											
BETA	.75 (1.00 = Market)	2018-20 PROJECTIONS Price Gain Ann'l Total Return High 30 (+25%) 9% Low 25 (+5%) 4%																																																											
Insider Decisions N D J F M A M J J to Buy 1 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 0 0 1 0 0 0 0 0 0												% TOT. RETURN 9/15 THIS STOCK 25.8 VLARITH. INDEX -4.0 1 yr. 25.8 37.9 3 yr. 38.8 68.4 5 yr. 70.9 68.4																																																	
Institutional Decisions 4Q2014 1Q2015 2Q2015 to Buy 39 40 43 to Sell 37 38 36 Hld's(000) 6372 6413 6487		Percent shares traded 12 8 4																																																											
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20																																										
5.35	5.39	5.87	5.98	6.12	6.25	6.44	6.16	6.50	6.79	6.75	6.60	6.50	6.98	7.19	7.26	7.65	7.80	Revenues per sh	9.10																																										
1.19	.99	1.18	1.20	1.15	1.28	1.33	1.33	1.49	1.53	1.40	1.55	1.46	1.56	1.72	1.84	1.95	2.05	"Cash Flow" per sh	2.25																																										
.76	.51	.66	.73	.61	.73	.71	.82	.87	.89	.72	.96	.84	.90	1.03	1.13	1.20	1.25	Earnings per sh ^A	1.35																																										
.60	.61	.62	.63	.65	.66	.67	.68	.69	.70	.71	.72	.73	.74	.75	.76	.77	.78	Div'd Decl'd per sh ^B	.85																																										
2.33	1.32	1.25	1.59	1.87	2.54	2.18	2.31	1.66	2.12	1.49	1.90	1.50	1.36	1.26	1.40	1.50	2.00	Cap'l Spending per sh	2.00																																										
6.95	6.98	7.11	7.39	7.60	8.02	8.26	9.52	10.05	10.03	10.33	11.13	11.27	11.48	11.82	12.24	12.75	13.25	Book Value per sh	14.30																																										
10.00	10.11	10.17	10.36	10.48	11.36	11.58	13.17	13.25	13.40	13.52	15.57	15.70	15.82	15.96	16.12	16.25	16.25	Common Shs Outst'g ^C	17.00																																										
17.6	28.7	24.6	23.5	30.0	26.4	27.4	22.7	21.6	19.8	21.0	17.8	21.7	20.8	19.7	18.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.5																																										
1.00	1.87	1.26	1.28	1.71	1.39	1.46	1.23	1.15	1.19	1.40	1.13	1.36	1.32	1.11	.98			Relative P/E Ratio	1.30																																										
4.4	4.2	3.8	3.7	3.5	3.4	3.5	3.7	3.7	4.0	4.7	4.2	4.0	4.0	3.7	3.7			Avg Ann'l Div'd Yield	3.1%																																										
CAPITAL STRUCTURE as of 6/30/15 Total Debt \$159.8 mill. Due in 5 Yrs \$49.8 mill. LT Debt \$136.1 mill. LT Interest \$4.6 mill. (40% of Cap'l)				74.6	81.1	86.1	91.0	91.2	102.7	102.1	110.4	114.8	117.1	124	127	Revenues (\$mill)	155																																												
				8.5	10.0	11.8	12.2	10.0	14.3	13.4	14.4	16.6	18.4	19.5	20.5	Net Profit (\$mill)	23.0																																												
				27.6%	33.4%	32.6%	33.2%	34.1%	32.1%	32.7%	33.9%	34.1%	35.0%	35.0%	34.0%	Income Tax Rate	34.0%																																												
				--	--	--	--	--	6.8%	6.1%	3.4%	1.9%	1.7%	1.0%	1.5%	AFUDC % to Net Profit	2.5%																																												
				55.3%	49.5%	49.0%	45.6%	46.6%	43.1%	42.3%	41.5%	40.4%	40.5%	40.5%	40.5%	Long-Term Debt Ratio	43.5%																																												
Pension Assets-12/14 \$51.6 mill. Oblig. \$75.0 mill. Pfd Stock \$2.4 mill. Pfd Div'd: \$.1 mill.				41.3%	47.5%	49.6%	51.8%	52.1%	55.8%	56.6%	57.4%	58.7%	58.8%	58.5%	58.5%	Common Equity Ratio	56.5%																																												
				231.7	264.0	268.8	259.4	267.9	310.5	312.5	316.5	321.4	335.8	345	360	Total Capital (\$mill)	430																																												
				288.0	317.1	333.9	366.3	376.5	405.9	422.2	435.2	446.5	465.4	480	500	Net Plant (\$mill)	555																																												
Common Stock 16,164,099 shs. as of 7/31/15				5.0%	5.1%	5.6%	5.8%	5.0%	5.7%	5.2%	5.4%	5.9%	6.3%	6.5%	6.5%	Return on Total Cap'l	6.5%																																												
				8.2%	7.5%	8.6%	8.6%	7.0%	8.1%	7.5%	7.8%	8.7%	9.2%	9.5%	9.5%	Return on Shr. Equity	9.5%																																												
				8.6%	7.8%	8.7%	8.9%	7.0%	8.2%	7.5%	7.8%	8.7%	9.3%	9.5%	9.5%	Return on Com Equity	9.5%																																												
MARKET CAP: \$400 million (Small Cap)				.6%	1.3%	1.8%	2.0%	NMF	2.1%	1.0%	1.4%	2.4%	3.1%	3.5%	3.5%	Retained to Com Eq	3.5%																																												
				94%	84%	79%	78%	98%	75%	87%	83%	73%	67%	64%	63%	All Div'ds to Net Prof	63%																																												
CURRENT POSITION (\$MILL) Cash Assets 4.8 2.7 5.8 Other 21.0 20.2 17.1 Current Assets 25.8 22.9 22.9 Accts Payable 6.3 6.4 8.9 Debt Due 33.8 24.9 23.7 Other 12.6 12.6 16.8 Current Liab. 52.7 43.9 49.4		BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 60,000 retail customers, primarily in Middlesex County, New Jersey. In 2014, the Middlesex System accounted for 60% of operating revenues. At 12/31/14, the company had 282 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.5% of the common stock; BlackRock Institutional Trust Co., 6.6% (4/15 proxy). Add.: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: www.middlesexwater.com.																																																											
ANNUAL RATES of change (per sh) Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 to '18-'20 Revenues 1.5% 1.5% 4.0% "Cash Flow" 3.5% 3.0% 4.5% Earnings 4.0% 4.5% 5.0% Dividends 1.5% 1.5% 2.0% Book Value 4.5% 3.0% 3.0%		Shares of Middlesex Water have turned in an excellent performance over the past quarter. Since our mid-July report, the stock price increased 7.9%, compared to the average return of 5.1% posted by the typical regulated water utility (minus California Water), and the 4.9% loss recorded by the S&P 500.																																																											
<table border="1"> <thead> <tr> <th>Cal-ender</th> <th colspan="4">QUARTERLY REVENUES (\$ mill.)</th> <th>Full Year</th> </tr> <tr> <th></th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th></th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>23.5</td> <td>27.4</td> <td>32.4</td> <td>27.1</td> <td>110.4</td> </tr> <tr> <td>2013</td> <td>27.0</td> <td>29.1</td> <td>31.3</td> <td>27.4</td> <td>114.8</td> </tr> <tr> <td>2014</td> <td>27.1</td> <td>29.2</td> <td>32.7</td> <td>28.1</td> <td>117.1</td> </tr> <tr> <td>2015</td> <td>28.8</td> <td>31.7</td> <td>34.0</td> <td>29.5</td> <td>124</td> </tr> <tr> <td>2016</td> <td>29.5</td> <td>32.0</td> <td>35.0</td> <td>30.5</td> <td>127</td> </tr> </tbody> </table>		Cal-ender	QUARTERLY REVENUES (\$ mill.)				Full Year		Mar.31	Jun.30	Sep.30	Dec.31		2012	23.5	27.4	32.4	27.1	110.4	2013	27.0	29.1	31.3	27.4	114.8	2014	27.1	29.2	32.7	28.1	117.1	2015	28.8	31.7	34.0	29.5	124	2016	29.5	32.0	35.0	30.5	127	We are modestly raising our earnings estimates. Mostly due to carryover rate relief, Middlesex's second-quarter share earnings came in at a healthy \$0.31, versus 2014's \$0.29. As a result, we are bumping our full-year forecast \$0.05, to \$1.20. In 2016, we are also adding another \$0.05 a share to our estimate, raising it to \$1.25 a share.																	
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2014	.19	.19	.19	.1925	.76																																																								
2015	.1925	.1925	.1925																																																										
		The company may not be big, but it has a strong balance sheet. As of June 30th, the debt-to-total-capital ratio was only 40%, the lowest in the industry. Beginning in 2016 and continuing through the decade, the capital budget will increase by a substantial figure as the water infrastructure is upgraded. Middlesex will not be able to cover all of the outlays with internally generated funds, so external financing will be required. This should result in the company's financial ratios sliding moderately. Nevertheless, finances will remain in good shape.																																																											
		Middlesex carries the highest yield in the water industry. Investors should not be impressed by this, however. That's because the stock's projected annual dividend growth rate through 2018-2020 is only expected to average a paltry 2%. Indeed, we don't think the current yield is sufficient to compensate shareholders for the below-average future cash flows.																																																											
		James A. Flood October 16, 2015																																																											

(A) Diluted earnings. May not sum due to rounding. Next earnings report due mid-November.
 (B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available.
 (C) In millions, adjusted for splits.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	80

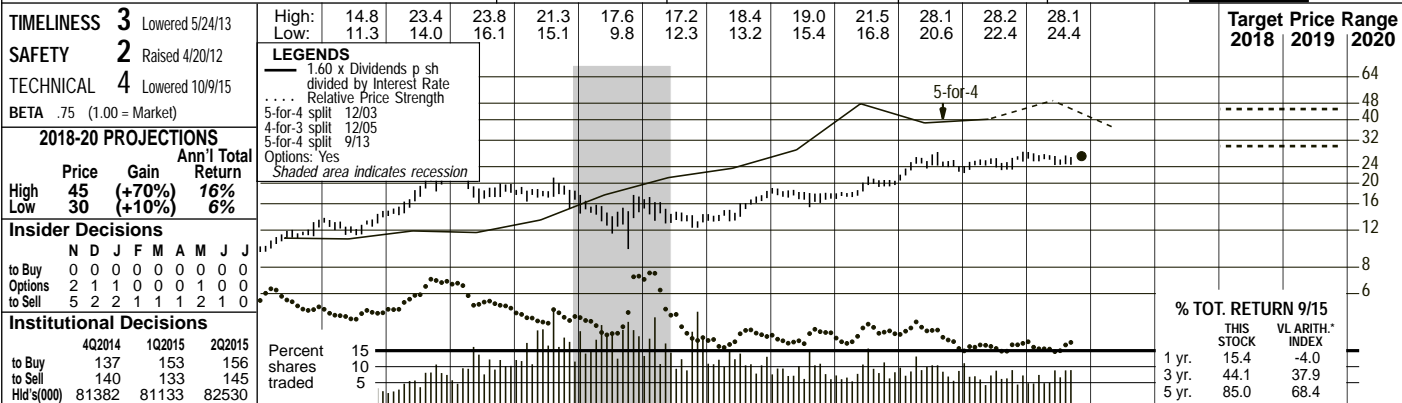
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SJW CORP. NYSE-SJW				RECENT PRICE	P/E RATIO	(Trailing: 11.3)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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TIMELINESS	4	Lowered 8/7/15	High: 19.6	27.8	45.3	43.0	35.1	30.4	28.2	26.8	26.9	30.1	33.7	35.7	Target Price Range	2018	2019	2020																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
SAFETY	3	New 4/22/11	Low: 14.6	16.1	21.2	27.7	20.0	18.2	21.6	20.9	22.6	24.5	25.5	27.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
TECHNICAL	5	Lowered 10/2/15	LEGENDS 1.50 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-1 split 3/04 2-for-1 split 3/06 Options: No Shaded area indicates recession																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
BETA	.75	(1.00 = Market)	2018-20 PROJECTIONS Price Gain Ann'l Total High 45 (+45%) 12% Low 30 (-5%) 2%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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LLC</th><th>18-20</th></tr> </thead> <tbody> <tr> <td>6.40</td><td>6.74</td><td>7.45</td><td>7.97</td><td>8.20</td><td>9.14</td><td>9.86</td><td>10.35</td><td>11.25</td><td>12.12</td><td>11.68</td><td>11.62</td><td>12.85</td><td>14.01</td><td>13.73</td><td>15.76</td><td>14.40</td><td>14.30</td><td>Revenues per sh</td><td>17.40</td></tr> <tr> <td>1.43</td><td>1.23</td><td>1.49</td><td>1.55</td><td>1.75</td><td>1.89</td><td>2.21</td><td>2.38</td><td>2.30</td><td>2.44</td><td>2.21</td><td>2.38</td><td>2.80</td><td>2.97</td><td>2.90</td><td>4.42</td><td>3.60</td><td>3.70</td><td>"Cash Flow" per sh</td><td>4.00</td></tr> <tr> <td>.87</td><td>.58</td><td>.77</td><td>.78</td><td>.91</td><td>.87</td><td>1.12</td><td>1.19</td><td>1.04</td><td>1.08</td><td>.81</td><td>.84</td><td>1.11</td><td>1.18</td><td>1.12</td><td>2.54</td><td>1.50</td><td>1.60</td><td>Earnings per sh ^A</td><td>1.75</td></tr> <tr> <td>.40</td><td>.41</td><td>.43</td><td>.46</td><td>.49</td><td>.51</td><td>.53</td><td>.57</td><td>.61</td><td>.65</td><td>.66</td><td>.68</td><td>.69</td><td>.71</td><td>.73</td><td>.75</td><td>.78</td><td>.81</td><td>Div'd Decl'd per sh ^B</td><td>1.05</td></tr> <tr> <td>1.77</td><td>1.89</td><td>2.63</td><td>2.06</td><td>3.41</td><td>2.31</td><td>2.83</td><td>3.87</td><td>6.62</td><td>3.79</td><td>3.17</td><td>5.65</td><td>3.75</td><td>5.67</td><td>4.68</td><td>5.02</td><td>5.35</td><td>5.25</td><td>Cap'l Spending per sh</td><td>4.95</td></tr> <tr> <td>7.88</td><td>7.90</td><td>8.17</td><td>8.40</td><td>9.11</td><td>10.11</td><td>10.72</td><td>12.48</td><td>12.90</td><td>13.99</td><td>13.66</td><td>13.75</td><td>14.20</td><td>14.71</td><td>15.92</td><td>17.75</td><td>18.75</td><td>19.75</td><td>Book Value per sh</td><td>22.60</td></tr> <tr> <td>18.27</td><td>18.27</td><td>18.27</td><td>18.27</td><td>18.27</td><td>18.27</td><td>18.27</td><td>18.28</td><td>18.36</td><td>18.18</td><td>18.50</td><td>18.55</td><td>18.59</td><td>18.67</td><td>20.17</td><td>20.29</td><td>20.50</td><td>21.00</td><td>Common Shs Outst'g ^C</td><td>23.00</td></tr> <tr> <td>15.5</td><td>33.1</td><td>18.5</td><td>17.3</td><td>15.4</td><td>19.6</td><td>19.7</td><td>23.5</td><td>33.4</td><td>26.2</td><td>28.7</td><td>29.1</td><td>21.2</td><td>20.4</td><td>24.3</td><td>11.2</td><td></td><td></td><td>Avg Ann'l P/E Ratio</td><td>22.0</td></tr> <tr> <td>.88</td><td>2.15</td><td>.95</td><td>.94</td><td>.88</td><td>1.04</td><td>1.05</td><td>1.27</td><td>1.77</td><td>1.58</td><td>1.91</td><td>1.85</td><td>1.33</td><td>1.30</td><td>1.37</td><td>.59</td><td></td><td></td><td>Relative P/E Ratio</td><td>1.40</td></tr> <tr> <td>3.0%</td><td>2.1%</td><td>3.0%</td><td>3.4%</td><td>3.5%</td><td>3.0%</td><td>2.4%</td><td>2.0%</td><td>1.7%</td><td>2.3%</td><td>2.8%</td><td>2.8%</td><td>2.9%</td><td>3.0%</td><td>2.7%</td><td>2.6%</td><td></td><td></td><td>Avg Ann'l Div'd Yield</td><td>2.8%</td></tr> <tr> <td colspan="18"> CAPITAL STRUCTURE as of 6/30/15 Total Debt \$404.8 mill. Due in 5 Yrs \$21.2 mill. LT Debt \$384.0 mill. LT Interest \$21.0 mill. (51% of Cap'l) </td> </tr> <tr> <td colspan="18"> Leases, Uncapitalized: Annual rentals \$5.5 mill. </td> </tr> <tr> <td colspan="18"> Pension Assets-12/14 \$91.4 mill. Oblig. \$128.7 mill. </td> </tr> <tr> <td colspan="18"> Pfd Stock None. </td> </tr> <tr> <td colspan="18"> Common Stock 20,363,574 shs. as of 7/22/15 </td> </tr> <tr> <td colspan="18"> MARKET CAP: \$625 million (Small Cap) </td> </tr> <tr> <td colspan="18"> CURRENT POSITION 2013 2014 6/30/15 (\$MILL.) </td> </tr> <tr> <td colspan="18"> Cash Assets 2.3 2.4 5.2 Accts Receivable 14.5 15.0 17.6 Other 22.9 50.7 47.2 Current Assets 39.7 68.1 70.0 Accts Payable 12.6 7.0 13.0 Debt Due 23.0 13.8 20.8 Other 23.6 23.9 25.2 Current Liab. 59.2 44.7 59.0 </td> </tr> <tr> <td colspan="18"> ANNUAL RATES Past Past Est'd '12-'14 of change (per sh) 10 Yrs. 5 Yrs. to '18-'20 </td> </tr> <tr> <td colspan="18"> Revenues 5.5% 4.5% 3.0% "Cash Flow" 7.0% 8.0% 2.5% Earnings 6.5% 10.5% 1.5% Dividends 4.0% 3.0% 6.0% Book Value 6.0% 3.5% 6.0% </td> </tr> <tr> <td colspan="18"> QUARTERLY REVENUES (\$ mill.) 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LLC	18-20	6.40	6.74	7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	11.68	11.62	12.85	14.01	13.73	15.76	14.40	14.30	Revenues per sh	17.40	1.43	1.23	1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	2.21	2.38	2.80	2.97	2.90	4.42	3.60	3.70	"Cash Flow" per sh	4.00	.87	.58	.77	.78	.91	.87	1.12	1.19	1.04	1.08	.81	.84	1.11	1.18	1.12	2.54	1.50	1.60	Earnings per sh ^A	1.75	.40	.41	.43	.46	.49	.51	.53	.57	.61	.65	.66	.68	.69	.71	.73	.75	.78	.81	Div'd Decl'd per sh ^B	1.05	1.77	1.89	2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	3.17	5.65	3.75	5.67	4.68	5.02	5.35	5.25	Cap'l Spending per sh	4.95	7.88	7.90	8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	13.66	13.75	14.20	14.71	15.92	17.75	18.75	19.75	Book Value per sh	22.60	18.27	18.27	18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	18.50	18.55	18.59	18.67	20.17	20.29	20.50	21.00	Common Shs Outst'g ^C	23.00	15.5	33.1	18.5	17.3	15.4	19.6	19.7	23.5	33.4	26.2	28.7	29.1	21.2	20.4	24.3	11.2			Avg Ann'l P/E Ratio	22.0	.88	2.15	.95	.94	.88	1.04	1.05	1.27	1.77	1.58	1.91	1.85	1.33	1.30	1.37	.59			Relative P/E Ratio	1.40	3.0%	2.1%	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	2.8%	2.8%	2.9%	3.0%	2.7%	2.6%			Avg Ann'l Div'd Yield	2.8%	CAPITAL STRUCTURE as of 6/30/15 Total Debt \$404.8 mill. 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BUSINESS: SJW Corporation engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 229,000 connections that serve a population of roughly one million people in the San Jose area and 12,000 connections that serve about 36,000 residents in a service area in the region between San Antonio and Austin, Texas.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
The historic drought in California has not had an impact on SJW's main subsidiary. Thanks to a previous change in the methodology used to determine how water utilities' income is calculated, San Jose Water should be able to do well despite the severe water restrictions instituted by the California State Public Utility Commission. In the past, utilities profitability depended on the amount of water that was sold. Based on the new arrangement, utilities receive a fixed charge for their services.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
The company's earnings are much better than they appear. Last year's tally was inflated by a one-time gain as several years of accrued expenses were reimbursed in the third period. In the first half of 2015, SJW's share net was running well ahead of 2014's levels. While comparisons will be negative for the remainder of the year, we think that share net will come in at a healthy \$1.50. In 2016, we estimate that the bottom line will increase \$0.10 a share, to \$1.60. This solid increase will be due in part to a thriving service area, which includes Silicon Valley.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
The construction program will remain large, but manageable. San Jose Water has been spending heavily on replacing old pipes and modernizing other facilities. Internally generated funds will not be sufficient to cover all of the capital outlays, so the company will have to depend to some extent on new debt and equity offerings. As a result, some of SJW's financial metrics may deteriorate to some degree, but should remain in an acceptable range.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Shares of SJW have not done as well as other regulated water utilities. Since our July report, volatility in the markets increased and the S&P 500 declined 4.9%. Seeking a safe haven, funds poured into this sector as investors placed a premium on low-Beta equities, with good yields, that had well-defined sources of earnings. Thus, this group (excluding California Water) averaged a positive return of 5.1%, compared to the gain of only 81 basis points, recorded by SJW.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
These shares are untimely. But due to the recent poor showing relative to its peers, SJW's long-term appreciation potential is better than that of most other water utilities.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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(A) Diluted earnings. Excludes nonrecurring losses: '03, \$1.97; '04, \$3.78; '05, \$1.09; '06, \$16.36; '08, \$1.22; '10, \$0.46. GAAP accounting as of 2013. Next earnings report due mid-November. Quarterly earnings may not add due to rounding. (B) Dividends historically paid in early March, June, September, and December. (C) In millions, adjusted for stock splits. Company's Financial Strength B+ Stock's Price Stability 85 Price Growth Persistence 20 Earnings Predictability 55 To subscribe call 1-800-VALUELINE

AQUA AMERICA NYSE-WTR										RECENT PRICE	26.83	P/E RATIO	21.3 (Trailing: 21.5; Median: 23.0)	RELATIVE P/E RATIO	1.22	DIV'D YLD	2.7%	VALUE LINE
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Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20	
Price	1.93	1.97	2.16	2.28	2.38	2.78	3.08	3.23	3.61	3.71	3.93	4.21	4.10	4.32	4.32	4.60	4.70	Revenues per sh	5.70	
Gain	.58	.61	.69	.76	.77	.87	.97	1.01	1.10	1.14	1.29	1.42	1.45	1.51	1.82	1.89	2.00	"Cash Flow" per sh	2.55	
Low	.33	.37	.41	.43	.46	.51	.57	.56	.57	.58	.62	.72	.83	.87	1.16	1.20	1.25	Earnings per sh ^A	1.65	
High	.22	.23	.24	.26	.28	.29	.32	.35	.38	.41	.44	.47	.50	.54	.58	.63	.69	Div'd Decl'd per sh ^B	1.00	
Ann'l Total Return	.72	.93	.87	.96	1.06	1.23	1.47	1.64	1.43	1.58	1.66	1.89	1.90	1.98	1.73	1.84	1.90	Cap'l Spending per sh	2.00	
Price	2.74	3.08	3.32	3.49	4.27	4.71	5.04	5.57	5.85	6.26	6.50	6.81	7.21	7.90	8.63	9.27	9.90	Book Value per sh	11.75	
Gain	133.50	139.78	142.47	141.49	154.31	158.97	161.21	165.41	166.75	169.21	170.61	172.46	173.60	175.43	177.93	178.59	176.50	Common Shs Outst'g ^C	170.00	
Low	21.2	18.2	23.6	23.6	24.5	25.1	31.8	34.7	32.0	24.9	23.1	21.1	21.3	21.9	21.2	20.8	20.8	Avg Ann'l P/E Ratio	22.5	
High	1.21	1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50	1.54	1.34	1.34	1.39	1.19	1.10	1.10	Relative P/E Ratio	1.40	
Options to Buy	3.0%	3.3%	2.5%	2.5%	2.5%	2.3%	1.8%	1.8%	2.1%	2.8%	3.1%	3.1%	2.8%	2.8%	2.4%	2.5%	2.5%	Avg Ann'l Div'd Yield	2.7%	
Options to Sell																				

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Revenues (\$mill)	Net Profit (\$mill)	Income Tax Rate	AFUDC % to Net Profit	Long-Term Debt Ratio	Common Equity Ratio	Total Capital (\$mill)	Net Plant (\$mill)	Return on Total Cap'l	Return on Shr. Equity	Return on Com Equity	Retained to Com Eq	All Div'ds to Net Prof
Total Debt	496.8	533.5	602.5	627.0	670.5	726.1	712.0	757.8	768.6	779.9	810	825	825	825	980	280	25.0%	3.0%	50.0%	50.0%	4000	5000	8.5%	14.0%	14.0%	5.5%	61%
LT Debt	91.2	92.0	95.0	97.9	104.4	124.0	144.8	153.1	205.0	213.9	220	235	235	235													
LT Interest	38.4%	39.6%	38.9%	39.7%	39.4%	39.2%	32.9%	39.0%	10.0%	10.5%	8.0%	15.0%	15.0%	15.0%													
Pension Assets	52.0%	51.6%	55.4%	54.1%	55.6%	56.6%	52.7%	52.7%	48.9%	48.5%	49.5%	49.0%	49.0%	49.0%													
Obliq.	48.0%	48.4%	44.6%	45.9%	44.4%	43.4%	47.3%	47.3%	51.1%	51.5%	50.5%	51.0%	51.0%	51.0%													
Pfd Stock	1690.4	1904.4	2191.4	2306.6	2495.5	2706.2	2646.8	2929.7	3003.6	3216.0	3450	3605	3605	3605													
Common Stock	2280.0	2506.0	2792.8	2997.4	3227.3	3469.3	3612.9	3936.2	4167.3	4402.0	4620	4800	4800	4800													
MARKET CAP	6.9%	6.4%	5.9%	5.7%	5.6%	5.9%	6.9%	6.6%	8.0%	7.8%	7.5%	7.5%	7.5%	7.5%													
	11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	13.4%	12.9%	12.5%	13.0%	13.0%	13.0%													
	11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	13.4%	12.9%	12.5%	13.0%	13.0%	13.0%													

Year	2013	2014	6/30/15	BUSINESS:	
Cash Assets	5.1	4.1	4.6	Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Has 1,617 employees. Acquired AquaSource, 7/03; Consumers Water, 4/99; and others. Water supply revenues '14: residential, 68%; commercial, 17%; industrial & other, 15%. Officers and directors own .8% of the common stock; Vanguard Group, 7.1%; Blackrock, Inc, 6.7%; State Street Capital Corp., 5.7% (3/15 Proxy). Chairman: Nicholas DeBenedictis. CEO: Christopher Franklin. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Tel.: 610-525-1400. Internet: www.aquaamerica.com.	
Receivables	95.4	97.0	109.5		
Inventory (AvgCst)	11.4	12.8	13.6		
Other	59.8	38.6	47.7		
Current Assets	171.7	152.5	175.4		
Accts Payable	65.8	60.0	47.5		
Debt Due	123.0	70.0	74.8		
Other	78.1	95.3	81.1		
Current Liab.	266.9	225.3	203.4		

Year	Past 10 Yrs	Past 5 Yrs	Est'd '12-'14	ANNUAL RATES	
of change (per sh)	10 Yrs	5 Yrs	'18-'20		
Revenues	5.5%	3.0%	4.5%	Aqua America raised its dividend a hefty 8% in the last quarter. We had anticipated a 7% increase, but the latest hike further enhances the stock's reputation for having much better-than-average dividend growth prospects. Over the next three- to five-year period, we expect the rate to average a generous 9.0%.	
"Cash Flow"	8.0%	8.0%	6.5%	Earnings will probably be flat for the remainder of this year, than pick up in 2016. Aqua's bottom line benefited from a one-time \$0.11 a-share-gain in 2014, making the 2015 profit figure seem less favorable by comparison. Still, we think the company's share net will rise a decent 4%, to \$1.25. Next year, due to a combination of rate relief, cost saving from acquisitions (see below), and the ability to earn returns on capital expenditures without much regulatory lag, earnings per share may well climb a healthy 8%, to \$1.35.	
Earnings	8.5%	13.0%	7.5%	Aqua should continue to be very active in the M&A markets. As we have pointed out before, the domestic water market is fragmented among over 50,000 major-to-mid-sized water districts. With the nation's long-neglected water infrastructure in desperate need of modernization, large amounts of capital will be required to pay for the repairs. Since many small municipally run water authorities are in a financial bind, it makes sense for them to be purchased by a larger water company. Because there is a tremendous amount of redundancies in the water industry, companies such as Aqua are able to absorb smaller concerns and substantially reduce overhead. This strategy should help fuel profit growth for the foreseeable future.	
Dividends	7.5%	7.0%	9.5%	Long-term, conservative, income-oriented investors should take note of this stock. Though only ranked to perform in-line with the broader market averages in the coming year, WTR has many attractive attributes. For starters, the stock's yield is 2.7%, which is close to the industry average. This is unusual, as utilities with good dividend growth prospects often carry a much lower yield than a typical member of the group. Moreover, the stock has an A Financial Strength rating, and scores extremely high for both Earnings Predictability (100), and Stock Price Stability (95).	
Book Value	7.5%	6.5%	5.5%	James A. Flood October 16, 2015	

Year	2012	2013	2014	2015	2016	QUARTERLY REVENUES (\$ mill.)		Full Year		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31		Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	164.0	191.7	214.6	187.5	757.8	164.0	191.7	214.6	187.5	757.8
2013	180.0	195.7	204.3	188.6	768.6	180.0	195.7	204.3	188.6	768.6
2014	182.7	195.3	210.5	191.4	779.9	182.7	195.3	210.5	191.4	779.9
2015	190.3	205.8	220	193.9	810	190.3	205.8	220	193.9	810
2016	192	208	225	200	825	192	208	225	200	825
Year	2012	2013	2014	2015	2016	EARNINGS PER SHARE ^A		Full Year		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31		Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.15	.24	.29	.19	.87	.15	.24	.29	.19	.87
2013	.26	.30	.36	.24	1.16	.26	.30	.36	.24	1.16
2014	.24	.31	.38	.27	1.20	.24	.31	.38	.27	1.20
2015	.27	.32	.39	.27	1.25	.27	.32	.39	.27	1.25
2016	.28	.34	.42	.31	1.35	.28	.34	.42	.31	1.35
Year	2011	2012	2013	2014	2015	QUARTERLY DIVIDENDS PAID ^B		Full Year		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31		Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.124	.124	.124	.132	.50	.124	.124	.124	.132	.50
2012	.132	.132	.132	.14	.54	.132	.132	.132	.14	.54
2013	.14	.14	.152	.152	.58	.14	.14	.152	.152	.58
2014	.152	.152	.165	.165	.63	.152	.152	.165	.165	.63
2015	.165	.165	.178			.165	.165	.178		

(A) Diluted eps. Excl. nonrec. gains (losses): '99, (9c); '00, 2c; '01, 2c; '02, 4c; '03, 3c; '12, 18c. Excl. gain from disc. operations: '12, 7c; '13, 9c; '14, 11c. May not sum due to rounding.	Next earnings report due mid-November.	(C) In millions, adjusted for stock splits.	Company's Financial Strength	A
(B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).			Stock's Price Stability	95
			Price Growth Persistence	60
			Earnings Predictability	100

YORK WATER NDQ:YORW		RECENT PRICE	P/E RATIO	Trailing: 23.6 Median: 25.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range													
		21.91	24.3		1.39	2.9%		2018	2019	2020											
TIMELINESS	3 Raised 3/27/15	High: 14.0	17.9	21.0	18.5	16.5	18.0	18.0	18.1	18.5	22.0	24.3	26.0								
SAFETY	3 Lowered 7/17/15	Low: 11.0	11.7	15.3	15.5	6.2	9.7	12.8	15.8	16.8	17.6	18.8	19.7								
TECHNICAL	4 Raised 10/16/15	LEGENDS 1.10 x Dividends p sh divided by Interest Rate ... Relative Price Strength 2-for-1 split 5/02 3-for-2 split 9/06 Options: No Shaded area indicates recession																			
BETA	.75 (1.00 = Market)	2018-20 PROJECTIONS																			
		Price	Gain	Ann'l Total																	
High	Low	30	(+35%)	11%																	
20			(-10%)	1%																	
Insider Decisions		Percent shares traded										% TOT. RETURN 9/15									
		to Buy										THIS STOCK			VLARITH: INDEX						
		to Sell										1 yr. 7.9			-4.0						
		Options										3 yr. 23.7			37.9						
		to Sell										5 yr. 50.4			68.4						
Institutional Decisions		Percent shares traded																			
		to Buy																			
		to Sell																			
		Hld's(000)																			
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC			18-20
--	--	2.05	2.05	2.17	2.18	2.58	2.56	2.79	2.89	2.95	3.07	3.18	3.21	3.27	3.58	3.75	4.00	Revenues per sh			4.85
--	--	.59	.57	.65	.65	.79	.77	.86	.88	.95	1.07	1.09	1.12	1.19	1.36	1.45	1.50	"Cash Flow" per sh			1.75
--	--	.43	.40	.47	.49	.56	.58	.57	.57	.64	.71	.71	.72	.75	.89	.90	1.00	Earnings per sh ^A			1.15
--	--	.34	.35	.37	.39	.42	.45	.48	.49	.51	.52	.53	.54	.55	.57	.60	.63	Div'd Decl'd per sh ^B			.80
--	--	.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	1.18	.83	.74	.94	.76	1.10	.95	1.25	Cap'l Spending per sh			1.10
--	--	3.79	3.90	4.06	4.65	4.85	5.84	5.97	6.14	6.92	7.19	7.45	7.73	7.98	8.15	8.65	8.80	Book Value per sh			9.50
--	--	9.46	9.55	9.63	10.33	10.40	11.20	11.27	11.37	12.56	12.69	12.79	12.92	12.98	12.83	12.75	12.50	Common Shs Outst'g ^C			12.00
--	--	17.8	26.9	24.5	25.7	26.3	31.2	30.3	24.6	21.9	20.7	23.9	24.4	26.3	23.1	Avg Ann'l P/E Ratio			22.5		
--	--	.91	1.47	1.40	1.36	1.40	1.68	1.61	1.48	1.46	1.32	1.50	1.55	1.48	1.22	Relative P/E Ratio			1.40		
--	--	4.4%	3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	3.6%	3.5%	3.1%	3.1%	2.8%	2.8%	Avg Ann'l Div'd Yield			3.2%		
CAPITAL STRUCTURE as of 6/30/15												Revenues (\$mill)			58.0						
Total Debt \$84.8 mill. Due in 5 Yrs \$30.5 mill.												Net Profit (\$mill)			14.0						
LT Debt \$84.8 mill. LT Interest \$5.1 mill.												Income Tax Rate			32.5%						
												AFUDC % to Net Profit			1.0%						
Pension Assets 12/14 \$30.6 mill. (44% of Cap'l)												Long-Term Debt Ratio			48.0%						
Oblig. \$40.9 mill.												Common Equity Ratio			52.0%						
Pfd Stock None												Total Capital (\$mill)			220						
Common Stock 12,866,946 shs. as of 8/4/15												Net Plant (\$mill)			280						
MARKET CAP: \$275 million (Small Cap)												Return on Total Cap'l			8.0%						
CURRENT POSITION (SMILL.)		2013	2014	6/30/15											Return on Shr. Equity			12.0%			
Cash Assets		7.6	1.5	1.0											Return on Com Equity			12.0%			
Accounts Receivable		3.8	4.0	4.3											All Div'ds to Net Prof			69%			
Inventory (Avg. Cost)		.7	.8	.8																	
Other		3.1	4.9	4.0																	
Current Assets		15.2	11.2	10.1																	
Accts Payable		1.8	1.6	2.4																	
Debt Due		--	--	--																	
Other		6.0	4.3	4.4																	
Current Liab.		7.8	5.9	6.8																	
ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20																	
Revenues		4.5%	3.0%	6.5%																	
"Cash Flow"		7.0%	6.5%	6.0%																	
Earnings		5.5%	6.0%	6.5%																	
Dividends		4.0%	2.5%	6.5%																	
Book Value		6.5%	4.5%	3.0%																	
Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year																
	Mar.31	Jun.30	Sep.30	Dec.31																	
2012	9.6	10.4	11.0	10.4	41.4																
2013	10.1	10.7	10.9	10.7	42.4																
2014	10.6	11.8	12.0	11.5	45.9																
2015	11.2	11.9	12.4	12.5	48.0																
2016	11.5	12.5	13.0	13.0	50.0																
Cal-endar	EARNINGS PER SHARE ^A				Full Year																
	Mar.31	Jun.30	Sep.30	Dec.31																	
2012	.15	.17	.22	.18	.72																
2013	.17	.18	.19	.21	.75																
2014	.16	.22	.23	.28	.89																
2015	.20	.22	.25	.23	.90																
2016	.20	.26	.28	.26	1.00																
Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year																
	Mar.31	Jun.30	Sep.30	Dec.31																	
2011	.131	.131	.131	.131	.524																
2012	.134	.134	.134	.134	.535																
2013	.138	.138	.138	.138	.552																
2014	.1431	.1431	.1431	.1431	.572																
2015	.1495	.1495	.1495																		

York Water's earnings were flat in the second quarter. This broke a string of four-straight solid earnings comparisons on a year-over-year basis. The positives were higher rates being in effect from last year and a smaller tax bill. These were offset, however, by an increase in costs. For the full year, we reduced our earnings-per-share estimate by \$0.05, to \$0.90, roughly on par with 2014's strong number. **Earnings should pick up in 2016.** York ought to benefit from last year's rate hike and a lower tax bill. Also, we don't think last quarter's spike in expenses was the start of a trend. Actually, the company had been successfully reining in costs, and we think this should continue. All told, the company's share net may jump 11%, or \$0.10, to \$1.00. **The company has a solid balance sheet.** To a certain degree, other water entities would probably like to have York's financial problem. Pennsylvania regulators seem to prefer that water utilities maintain a long-term debt-to-total capitalization percentage between 46% and 50%. Because the company has solid cash generation, this figure was 44% at the end

of the second quarter. We think York may buy back 4% of its outstanding shares to raise its the debt ratio. **York is the smallest regulated utility in the water industry.** Most institution accounts don't like owning more than 3% to 5% of any one company's stock for diversification reasons. A market cap of around \$275 million just isn't large enough to take a position. A drawback of this could be a lack of liquidity. Conversely, when the stock is priced attractively, retail investors won't have to worry about the smart money getting involved before them. **Dividend growth prospects have improved.** Over the past five years, the payout has increased 2.5% per annum, subpar for a utility. Earlier this year, the dividend was hiked 4.5%, however. We think this level is sustainable through 2018-2020. **These shares are ranked to perform in line with the broader market averages over the next six- to 12-month period.** Due to the equity outperforming the S&P 500 by almost 700 basis points since mid-July, it has below-average long-term total return potential. *James A. Flood* *October 16, 2015*

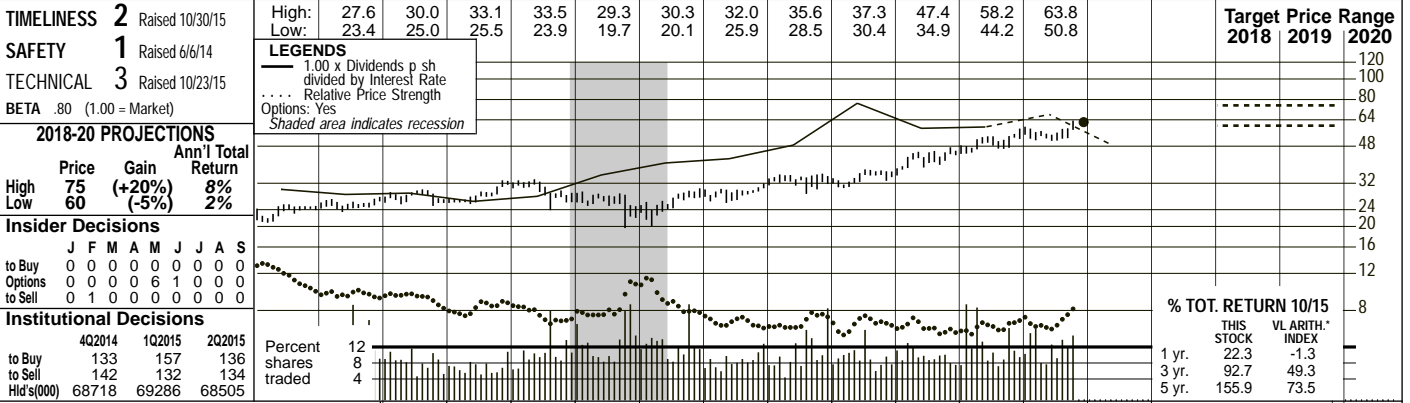
(A) Diluted earnings. Next earnings report due mid-November.
(B) Dividends historically paid in mid-January, April, July, and October.

(C) In millions, adjusted for splits.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	50
Earnings Predictability	95

ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE **62.38** P/E RATIO **19.4** (Trailing: 20.2 Median: 15.0) RELATIVE P/E RATIO **1.08** DIV'D YLD **2.7%** VALUE LINE



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
Revenues per sh ^A	61.75	75.27	66.03	79.52	53.69	53.12	48.15	38.10	42.88	49.22	40.80	41.50		54.15
"Cash Flow" per sh	3.90	4.26	4.14	4.19	4.29	4.64	4.72	4.76	5.14	5.42	5.80	6.00		6.60
Earnings per sh ^{A B}	1.72	2.00	1.94	2.00	1.97	2.16	2.26	2.10	2.50	2.96	3.09	3.25		3.80
Div'ds Decl'd per sh ^C	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.48	1.56	1.68		1.95
Cap'l Spending per sh	4.14	5.20	4.39	5.20	5.51	6.02	6.90	8.12	9.32	8.32	9.60	9.80		10.00
Book Value per sh	19.90	20.16	22.01	22.60	23.52	24.16	24.98	26.14	28.47	30.74	31.50	31.35		36.65
Common Shs Outst'g ^D	80.54	81.74	89.33	90.81	92.55	90.16	90.30	90.24	90.64	100.39	101.50	107.00		120.00
Avg Ann'l P/E Ratio	16.1	13.5	15.9	13.6	12.5	13.2	14.4	15.9	15.9	16.1	17.5			17.5
Relative P/E Ratio	.86	.73	.84	.82	.83	.84	.90	1.01	.89	.84	.88			1.10
Avg Ann'l Div'd Yield	4.5%	4.7%	4.2%	4.8%	5.3%	4.7%	4.2%	4.1%	3.5%	3.1%	2.9%			3.0%
Revenues (\$mill) ^A	4973.3	6152.4	5898.4	7221.3	4969.1	4789.7	4347.6	3438.5	3886.3	4940.9	4142.1	4440		6500
Net Profit (\$mill)	135.8	162.3	170.5	180.3	179.7	201.2	199.3	192.2	230.7	289.8	315.1	350		460
Income Tax Rate	37.7%	37.6%	35.8%	38.4%	34.4%	38.5%	36.4%	33.8%	38.2%	39.2%	38.3%	38.5%		40.0%
Net Profit Margin	2.7%	2.6%	2.9%	2.5%	3.6%	4.2%	4.6%	5.6%	5.9%	5.9%	7.6%	7.9%		7.1%
Long-Term Debt Ratio	57.7%	57.0%	52.0%	50.8%	49.9%	45.4%	49.4%	45.3%	48.8%	44.3%	43.5%	45.0%		45.0%
Common Equity Ratio	42.3%	43.0%	48.0%	49.2%	50.1%	54.6%	50.6%	54.7%	51.2%	55.7%	56.5%	55.0%		55.0%
Total Capital (\$mill)	3785.5	3828.5	4092.1	4172.3	4346.2	3987.9	4461.5	4315.5	5036.1	5542.2	5650	6100		8000
Net Plant (\$mill)	3374.4	3629.2	3836.8	4136.9	4439.1	4793.1	5147.9	5475.6	6030.7	6725.9	7430	8040		10200
Return on Total Cap'l	5.3%	6.1%	5.9%	5.9%	5.9%	6.9%	6.1%	6.1%	5.9%	6.4%	7.0%	7.0%		7.0%
Return on Shr. Equity	8.5%	9.8%	8.7%	8.8%	8.3%	9.2%	8.8%	8.1%	8.9%	9.4%	10.0%	10.5%		10.5%
Return on Com Equity	8.5%	9.8%	8.7%	8.8%	8.3%	9.2%	8.8%	8.1%	8.9%	9.4%	10.0%	10.5%		10.5%
Retained to Com Eq	2.3%	3.6%	3.0%	3.1%	2.7%	3.5%	3.3%	2.8%	4.0%	4.7%	5.0%	5.0%		5.0%
All Div'ds to Net Prof	73%	63%	65%	65%	68%	62%	62%	65%	56%	51%	51%	51%		51%

CAPITAL STRUCTURE as of 6/30/15
 Total Debt \$2707.3 mill. Due in 5 Yrs \$950.0 mill.
 LT Debt \$2455.3 mill. LT Interest \$145.0 mill.
 (LT interest earned: 4.7x; total interest coverage: 4.7x)
 Leases, Uncapitalized Annual rentals \$16.7 mill.
 Pfd Stock None
 Pension Assets-9/14 \$434.8 mill. Oblig. \$493.6 mill.
 Common Stock 101,369,699 shs. as of 7/31/15
 MARKET CAP: \$6.3 billion (Large Cap)

CURRENT POSITION

(SMILL.)	2013	2014	6/30/15
Cash Assets	66.2	42.3	43.2
Other	617.1	733.5	573.4
Current Assets	683.3	775.8	616.6
Accts Payable	241.6	311.6	227.3
Debt Due	368.0	196.7	252.0
Other	368.9	402.4	437.3
Current Liab.	978.5	910.7	916.6
Fix. Chg. Cov.	537%	637%	645%

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Past Est'd '12-'14	'18-'20
Revenues	5%	-8.0%	4.0%	
"Cash Flow"	5.0%	4.0%	4.5%	
Earnings	5.0%	5.0%	7.0%	
Dividends	1.5%	2.0%	5.0%	
Book Value	6.0%	4.5%	4.5%	

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	1084.0	1225.5	576.4	552.6	3438.5
2013	1034.2	1309.0	857.9	685.2	3886.3
2014	1255.1	1964.3	942.7	778.8	4940.9
2015	1258.8	1540.1	686.4	656.8	4142.1
2016	1275	1675	725	765	4440

EARNINGS PER SHARE^{A B E}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	.68	1.12	.31	--	2.10
2013	.85	1.23	.36	.08	2.50
2014	.95	1.38	.45	.23	2.96
2015	.96	1.35	.55	.23	3.09
2016	1.00	1.45	.54	.26	3.25

QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.34	.34	.34	.345	1.37
2012	.345	.345	.345	.35	1.39
2013	.35	.35	.35	.37	1.42
2014	.37	.37	.37	.39	1.50
2015	.39	.39	.39	.42	

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to roughly three million customers through six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Gas sales breakdown for 2014: 65%, residential; 30%, commercial; 3%, industrial; and 2% other. 2014 depreciation rate 3.0%. Has around 4,760 employees. Officers and directors own 1.6% of common stock (12/14 Proxy). President and Chief Executive Officer: Kim R. Cocklin. Incorporated: Texas. Address: Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

Good things appear to be in store for Atmos Energy Corporation in fiscal 2016 (began October 1st). The natural gas distribution operation, generating the biggest portion of revenues, stands to benefit from a rise in throughput, assuming that both the weather and economic climate are generally favorable (resulting in a boost in consumption levels). Furthermore, if natural gas prices remain persistently low, purchasing costs could go down, which may lead to less bad-debt expense. Meanwhile, we look for reasonably decent showings from the Dallas-based company's other segments, including the regulated pipeline unit. At this juncture, full-year earnings might advance around 5%, to \$3.25 a share, versus the fiscal 2015 total of \$3.09. Regarding fiscal 2017, the bottom line stands to grow at a similar percentage rate, to \$3.40 a share, as operating margins expand.

The fiscal 2016 capital expenditures budget is anticipated to be between \$1 billion and \$1.1 billion. That would be almost 8% higher than the previous year's figure, assuming the midpoint of that range is used. A meaningful portion of the

resources will continue to be deployed to improve the safety and reliability of Atmos' distribution and transportation systems.

The quarterly common stock dividend was increased a few pennies, to \$0.42 a share. Furthermore, our 2018-2020 projections indicate that additional, steady hikes in the distribution will probably take place. The payout ratio over that span ought to be in the 50% vicinity, which should not put a major financial strain on the company.

The equity has climbed to its highest level ever in recent months. We attribute that movement partly to takeover activity in the pipeline and utility space. Fundamentally, though, Atmos is on track to achieve the type of steady earnings and dividend growth it has set out for itself. Overall, the Timeliness rank of these shares has been raised one notch, to 2 (Above Average). Other good qualities include the 1 (Highest) Safety rank and excellent score for Price Stability. All things considered, we think various kinds of investors will find something to like here.

Frederick L. Harris, III December 4, 2015

(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '06, d18c; '07, d2c; '09, 12c; '10, 5c; '11, (1c). Excludes discontinued operations: '11, 10c; '12, 27c; '13, 14c. (C) Dividends historically paid in early March, June, Sept., and Dec. ■ Div. reinvestment plan. Direct stock purchase plan avail. (D) In millions. (E) Qtrs may not add due to change in shrs outstanding.

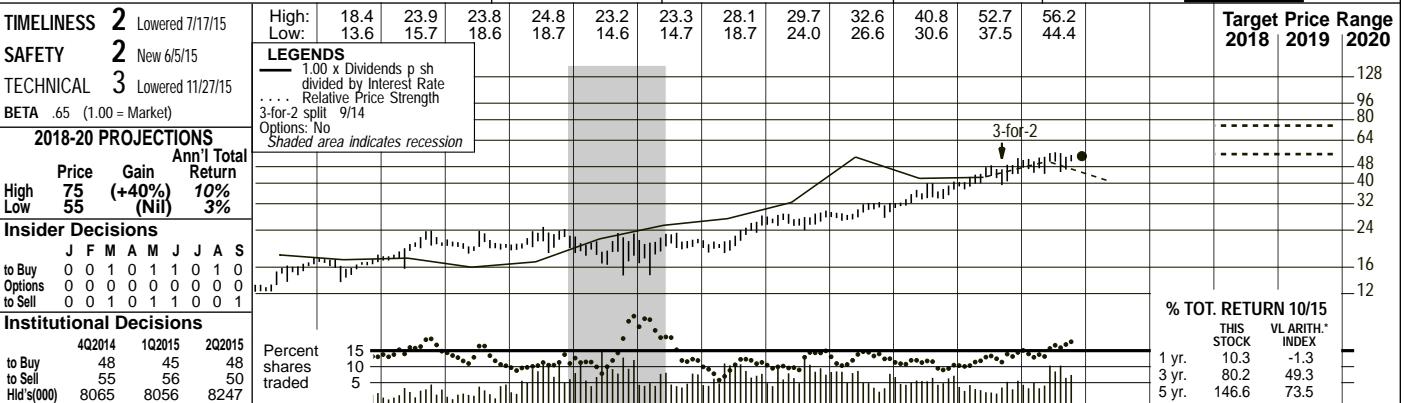
Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	75
Earnings Predictability	95

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CHESAPEAKE UTIL. NYSE-CPK

RECENT PRICE **53.68** P/E RATIO **18.3** (Trailing: 19.1; Median: 15.0) RELATIVE P/E RATIO **1.02** DIV'D YLD **2.2%** VALUE LINE



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Price	29.67	42.21	40.82	17.12	19.11	20.70	26.02	23.05	25.41	28.46	19.07	29.93	29.13	27.26	30.73	34.19	30.65	30.00	37.50
High	1.91	1.95	1.95	1.93	2.42	2.26	2.35	2.18	2.52	2.50	2.15	3.50	3.69	4.35	4.73	5.15	5.45	5.45	6.75
Low	.93	.93	.83	.69	1.17	1.09	1.18	1.15	1.29	1.39	1.43	1.82	1.91	1.99	2.26	2.47	2.83	3.00	3.70
Gain	.69	.71	.73	.73	.73	.75	.76	.77	.78	.81	.83	.87	.91	.96	1.01	1.07	1.12	1.18	1.40
Ann'l Total Return	3.23	2.75	3.61	1.77	1.39	2.07	3.74	4.87	3.08	3.00	1.89	3.18	3.28	5.00	6.72	6.66	9.50	9.75	8.00
Cap'l Spending	7.73	8.05	8.26	8.03	8.59	9.07	9.60	11.08	11.76	12.02	14.89	15.84	16.78	17.82	19.28	20.59	24.20	25.15	32.50
Book Value	7.78	7.95	8.09	8.31	8.49	8.60	8.82	10.03	10.17	10.24	14.09	14.29	14.35	14.40	14.46	14.59	15.50	16.50	20.00
P/E Ratio	12.7	12.6	15.0	18.6	12.7	15.0	16.8	17.9	16.7	14.2	14.2	12.2	14.2	14.8	15.6	17.7	17.5	17.5	17.5
Dividend Yield	.72	.82	.77	1.02	.72	.79	.89	.97	.89	.85	.95	.78	.89	.94	.88	.94	2.9%	2.9%	2.2%

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Total Debt	229.6	231.2	258.3	291.4	268.8	427.5	418.0	392.5	444.3	498.8	475	495	495	495	495	495	495	495	750
LT Debt	16.0%	17.0%	17.9%	16.2%	21.3%	20.5%	21.3%	24.2%	24.0%	23.1%	23.5%	24.0%	24.0%	23.1%	23.5%	24.0%	24.0%	24.0%	27.0%
Operating Margin	10.3	11.3	12.4	11.2	14.4	23.9	25.3	28.1	30.1	32.9	36.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	60.0
Net Profit	10.5	10.5	13.2	14.4	15.9	26.1	27.6	28.9	32.8	36.1	44.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	75.0
Income Tax Rate	37.6%	39.4%	39.4%	39.1%	41.8%	39.7%	39.4%	40.1%	40.2%	39.9%	40.2%	40.2%	40.2%	40.2%	40.2%	40.2%	40.2%	40.2%	41.0%
Net Profit Margin	4.6%	4.5%	5.1%	4.9%	5.9%	6.1%	6.6%	7.4%	7.4%	7.2%	9.3%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.0%
Working Cap'l	d13.7	d13.0	d29.6	d9.6	d54.0	d60.4	d29.7	d61.6	d95.5	d71.8	d150	d100	d100	d100	d100	d100	d100	d100	d20.0
Long-Term Debt	59.0	71.1	63.3	86.4	98.8	89.6	110.3	101.9	117.6	158.5	160	170	170	170	170	170	170	170	220
Shr. Equity	84.8	111.2	119.6	123.1	209.8	226.2	240.8	256.6	278.8	300.3	375	415	415	415	415	415	415	415	650
Return on Total Cap'l	9.1%	7.1%	8.4%	7.9%	6.1%	9.1%	8.9%	8.8%	8.8%	8.5%	9.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Return on Shr. Equity	12.3%	9.5%	11.1%	11.7%	7.6%	11.5%	11.5%	11.2%	11.8%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	11.5%
Retained to Com Eq	5.5%	4.1%	5.2%	5.2%	3.8%	6.6%	6.6%	6.4%	7.1%	7.4%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.0%
All Div'ds to Net Prof	55%	57%	53%	55%	50%	42%	42%	43%	40%	38%	39%	39%	39%	39%	39%	39%	39%	39%	37%

Year	2013	2014	9/30/15
Cash Assets	3.4	4.6	3.8
Other	123.0	117.8	83.9
Current Assets	126.4	122.4	87.7
Accts Payable	53.5	44.6	41.1
Debt Due	117.0	97.3	136.2
Other	51.4	52.3	59.6
Current Liab.	221.9	194.2	236.9

Year	Past 10 Yrs	Past 5 Yrs	Est'd '12-'14 to '18-'20
Sales	5.0%	5.0%	3.5%
"Cash Flow"	7.0%	12.5%	7.5%
Earnings	8.5%	10.5%	8.5%
Dividends	3.0%	4.5%	5.5%
Book Value	8.5%	8.5%	9.0%

Year	2012	2013	2014	2015	2016
Q1	120.9	83.9	78.2	109.5	392.5
Q2	140.7	94.1	86.6	122.9	444.3
Q3	186.3	100.5	91.6	120.4	498.8
Q4	170.1	92.7	91.9	120.3	475
Annual	180	97.0	93.0	125	495

Year	2012	2013	2014	2015	2016
Q1	.75	.35	.22	.67	1.99
Q2	1.02	.30	.27	.67	2.26
Q3	1.21	.35	.22	.69	2.47
Q4	1.44	.35	.33	.71	2.83
Annual	1.42	.47	.39	.72	3.00

Year	2011	2012	2013	2014	2015
Q1	.22	.22	.23	.23	.90
Q2	.23	.23	.243	.243	.95
Q3	.243	.243	.257	.257	1.00
Q4	.257	.257	.27	.27	1.05
Annual	.27	.27	.288	.288	

Business: Chesapeake Utilities Corporation consists of two units: Regulated Energy and Unregulated Energy. The Regulated Energy segment (around 64% of sales) distributes natural gas in Delaware, Maryland, and Florida; distributes electricity in Florida; and transmits natural gas on the Delmarva Peninsula and in Florida. The Unregulated Energy operation (36% of sales) wholesales and distributes propane; markets natural gas; and provides other unregulated energy services, including midstream services in Ohio. Officers and directors own 5.3% of common stock; T. Rowe Price, 7.6%; BlackRock, 6.2% (3/15 Proxy). CEO: Michael P. McMasters. Incorporated: Delaware. Address: 909 Silver Lake Boulevard, Dover, DE 19904. Telephone: (302) 734-6799. Internet: www.chpk.com.

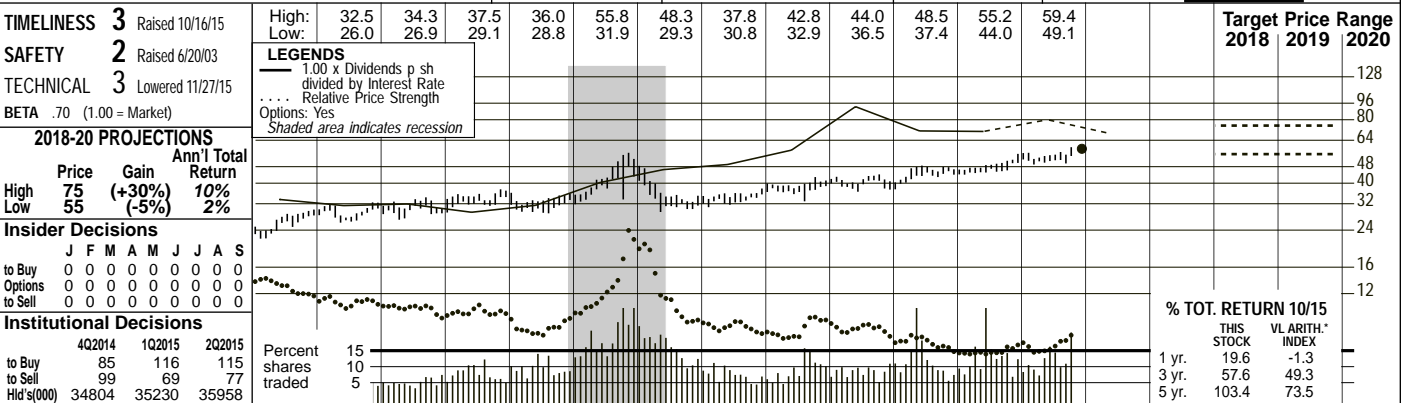
Chesapeake Utilities Corporation seems to be on track to generate strong financial results in 2015. Indeed, through the first nine months, earnings per share surged close to 20%, relative to the same period a year ago. One driver continued to be the Regulated Energy division, supported partly by customer growth in natural gas distribution and transmission services, as well as benefits of natural gas service expansions that were completed in 2014 and 2015. Other pluses here were a base rate increase for the Florida electric distribution operation and the impact of the Florida Gas Reliability Infrastructure Program. Furthermore, the performance of the Unregulated Energy business was lifted largely by expanded retail propane margins per gallon. That was attributable to a retail pricing strategy guided by local market conditions, plus decreased propane inventory costs arising from favorable supply management and hedging activities. Since it appears that the Delaware-headquartered company is experiencing a decent fourth quarter, the bottom line stands to climb around 15%, to \$2.83 a share, for the year

as a whole. **We expect profit growth to slow substantially next year.** But that should not be due to any major problems with Chesapeake's fundamentals, but rather with difficult comparisons. Moreover, there ought to be incremental benefits from the April acquisition of Gatherco. All things considered, share net might well advance about 6%, to \$3.00. **The stock boasts some appealing characteristics.** For a start, it is pegged to outpace the broader market averages during the next six to 12 months (Timeliness rank 2: Above Average). Note, also, the 2 (Above Average) rating for Safety, lower-than-market Beta coefficient, and relatively high Price Stability grade (i.e., 85 out of 100). **The current dividend yield is less than the average of all equities in Value Line's Natural Gas Utility Industry.** Nonetheless, the payout is well covered by corporate earnings, and additional, steady increases are likely to take place, according to our 2018-2020 projections. *Frederick L. Harris, III December 4, 2015*

(A) Diluted shrs. Excludes nonrecurring items: '99, 11¢; '02, d23¢; '08, d7¢; Q2 '15, 6¢. Excludes discontinued operations: '04, d1¢; '03, d9¢. Next earnings report due early Feb.	(B) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan. Direct stock purchase plan available.	(C) In millions, adjusted for split.	Company's Financial Strength	B++
			Stock's Price Stability	85
			Price Growth Persistence	85
			Earnings Predictability	95

LACLEDE GROUP NYSE-LG

RECENT PRICE **58.27** P/E RATIO **17.8** (Trailing: 18.4 Median: 14.0) RELATIVE P/E RATIO **0.99** DIV/D YLD **3.4%** VALUE LINE



TIMELINESS 3 Raised 10/16/15
SAFETY 2 Raised 6/20/03
TECHNICAL 3 Lowered 11/27/15
BETA .70 (1.00 = Market)

High: 32.5 34.3 37.5 36.0 55.8 48.3 37.8 42.8 44.0 48.5 55.2 59.4
 Low: 26.0 26.9 29.1 28.8 31.9 29.3 30.8 32.9 36.5 37.4 44.0 49.1

LEGENDS
 — 100 x Dividends p sh divided by Interest Rate
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2018-20 PROJECTIONS
 Price Gain Ann'l Total
 High 75 (+30%) 10%
 Low 55 (-5%) 2%

Insider Decisions
 J F M A M J J A S
 to Buy 0 0 0 0 0 0 0 0 0
 Options 0 0 0 0 0 0 0 0 0
 to Sell 0 0 0 0 0 0 0 0 0

Institutional Decisions
 4Q2014 1Q2015 2Q2015
 to Buy 85 116 115
 to Sell 99 69 77
 Hlds(000) 34804 35230 35958

Percent shares traded: 15, 10, 5

% TOT. RETURN 10/15
 THIS STOCK VL ARITH. INDEX
 1 yr. 19.6 -1.3
 3 yr. 57.6 49.3
 5 yr. 103.4 73.5

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	100.44	85.49	77.83	71.48	49.90	31.10	37.68	46.64	53.50	Revenues per sh ^A	60.00
2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.22	4.56	4.11	4.62	4.58	3.12	3.87	5.07	5.30	"Cash Flow" per sh	6.35
1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.64	2.92	2.43	2.86	2.79	2.02	2.35	3.16	3.40	Earnings per sh ^{A B}	4.20
1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	1.53	1.57	1.61	1.66	1.70	1.76	1.84	1.96	Div'ds Decl'd per sh ^C	2.20
2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.57	2.36	2.56	3.02	4.83	4.00	3.96	4.59	7.00	Cap'l Spending per sh	6.65
14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	22.12	23.32	24.02	25.56	26.67	32.00	34.93	36.34	39.60	Book Value per sh ^D	48.10
18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	21.65	21.99	22.17	22.29	22.43	22.55	32.70	43.18	43.30	43.00	Common Shs Outst'g ^E	45.00
15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.3	13.4	13.7	13.0	14.5	21.3	19.8	16.5		Avg Ann'l P/E Ratio	15.5
.90	.97	.74	1.09	.78	.83	.86	.73	.75	.86	.89	.87	.82	.92	1.20	1.04	.83		Relative P/E Ratio	.95
5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	3.9%	3.9%	4.7%	4.3%	4.1%	4.0%	3.8%	3.5%		Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 9/30/15
 Total Debt \$2189.5 mill. Due in 5 Yrs \$525.0 mill.
 LT Debt \$1771.5 mill. LT Interest \$70.0 mill.
 (Total interest coverage: 4.1x)

Leases, Uncapitalized Annual rentals \$12.0 mill.
Pension Assets-9/14 \$506.6 mill.
Oblig. \$692.5 mill.

Pfd Stock None
Common Stock 43,350,411 shs.
 as of 10/20/15

MARKET CAP: \$2.5 billion (Mid Cap)

CURRENT POSITION 2013 2014 9/30/15 (\$MILL.)

Cash Assets	53.0	16.1	13.8
Other	422.9	588.8	516.3
Current Assets	475.9	604.9	530.1
Accts Payable	140.2	176.7	146.5
Debt Due	74.0	287.1	418.0
Other	139.0	319.0	289.3
Current Liab.	353.2	782.8	853.8
Fix. Chg. Cov.	337%	423%	409%

1597.0	1997.6	2021.6	2209.0	1895.2	1735.0	1603.3	1125.5	1017.0	1627.2	1976.4	2300	Revenues (\$mill) ^A	2700
40.1	50.5	49.8	57.6	64.3	54.0	63.8	62.6	52.8	84.6	136.9	145	Net Profit (\$mill)	190
34.1%	32.5%	33.4%	31.3%	33.6%	33.4%	31.4%	29.6%	25.0%	27.6%	28.0%	28.0%	Income Tax Rate	30.0%
2.5%	2.5%	2.5%	2.6%	3.4%	3.1%	4.0%	5.6%	5.2%	5.2%	6.9%	6.4%	Net Profit Margin	7.0%
48.1%	49.5%	45.3%	44.4%	42.9%	40.5%	38.9%	36.1%	46.6%	55.1%	54.5%	53.0%	Long-Term Debt Ratio	51.0%
51.8%	50.4%	54.6%	55.5%	57.1%	59.5%	61.1%	63.9%	53.4%	44.9%	45.5%	47.0%	Common Equity Ratio	49.0%
707.9	798.9	784.5	876.1	906.3	899.9	937.7	941.0	1959.0	3359.4	3345.1	3645	Total Capital (\$mill)	4400
679.5	763.8	793.8	823.2	855.9	884.1	928.7	1019.3	1776.6	2759.7	2927.5	3045	Net Plant (\$mill)	3520
7.6%	8.4%	8.5%	8.1%	8.7%	7.4%	8.1%	7.9%	3.3%	3.1%	4.0%	4.5%	Return on Total Cap'l	5.0%
10.9%	12.5%	11.6%	11.8%	12.4%	10.1%	11.1%	10.4%	5.0%	5.6%	8.7%	8.5%	Return on Shr. Equity	8.5%
10.9%	12.5%	11.6%	11.8%	12.4%	10.1%	11.1%	10.4%	5.0%	5.6%	8.7%	8.5%	Return on Com Equity	8.5%
3.1%	5.1%	4.3%	5.2%	5.9%	3.6%	4.9%	4.3%	1.0%	1.5%	3.7%	3.5%	Retained to Com Eq	4.0%
72%	59%	63%	56%	53%	64%	56%	59%	81%	73%	58%	56%	All Div'ds to Net Prof	52%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 to '18-'20

Revenues	-2.5%	-15.5%	7.0%
"Cash Flow"	3.0%	-2.0%	8.5%
Earnings	4.0%	-2.0%	10.0%
Dividends	2.5%	3.0%	4.5%
Book Value	7.0%	7.5%	7.5%

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	410.9	358.2	186.9	169.5	1125.5
2013	307.0	397.6	165.3	147.1	1017.0
2014	468.6	694.5	241.8	222.3	1627.2
2015	619.6	877.4	275.2	204.2	1976.4
2016	700	900	350	350	2300

EARNINGS PER SHARE ^{A B F}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	1.12	1.32	.38	d.03	2.79
2013	1.14	1.34	.25	d.30	2.02
2014	1.09	1.59	.33	d.35	2.35
2015	1.09	2.18	.32	d.43	3.16
2016	1.15	2.20	.35	d.30	3.40

QUARTERLY DIVIDENDS PAID ^C

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.415	.415	.415	.415	1.66
2013	.425	.425	.425	.425	1.70
2014	.44	.44	.44	.44	1.76
2015	.46	.46	.46	.46	
2016	.49				

Leases, Uncapitalized Annual rentals \$12.0 mill.
Pension Assets-9/14 \$506.6 mill.
Oblig. \$692.5 mill.

Pfd Stock None
Common Stock 43,350,411 shs.
 as of 10/20/15

MARKET CAP: \$2.5 billion (Mid Cap)

CURRENT POSITION 2013 2014 9/30/15 (\$MILL.)

Cash Assets	53.0	16.1	13.8
Other	422.9	588.8	516.3
Current Assets	475.9	604.9	530.1
Accts Payable	140.2	176.7	146.5
Debt Due	74.0	287.1	418.0
Other	139.0	319.0	289.3
Current Liab.	353.2	782.8	853.8
Fix. Chg. Cov.	337%	423%	409%

BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas across Missouri, including the cities of St. Louis and Kansas City. Has roughly 1.6 million customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Acquired Missouri Gas 9/13, Alabama Gas Co 9/14. Utility terms sold and transported in fiscal 2014: 2.0 bill. Revenue mix for regulated operations: residential, 66%; commercial and industrial, 24%; transportation, 2%; other, 8%. Has around 3,152 employees. Officers and directors own 3.2% of common shares (1/15 proxy). Chairman: William E. Nasser; CEO: Suzanne Sitherwood, Inc.: Missouri. Address: 700 Market Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.thelacledegroup.com.

Laclede Group had worse-than-expected fiscal year-end results (ended September 30th). Fourth-quarter revenues fell to \$204.2 million, hurt by lower natural gas prices and a severe decrease in gas marketing revenues. However, the Alagasco purchase helped to partially offset warmer fall weather conditions. Losses expanded to \$0.43 a share, hurt by lower gross contributions and a sizable increase in maintenance and depreciation expense. **Fiscal 2016 should be a banner year for the company.** Laclede has received positive outcomes for rate cases, which went into effect December 1st. These include \$4.4 million in new Laclede Gas spending and \$1.9 million at Missouri Gas. These should boost recoveries and allow for better system reliability. Capital expenditures are expected to be around \$315 million this year, with recovery methods in place that should allow for better earnings. This should total around \$1.6 billion in capital spending out to decade's end. Laclede has ample liquidity to fund spending plans. The company will look to capitalize on natural gas conversions for industrial processes, including more volume in its Spire natural gas fuel station. In addition, Laclede could look to purchase municipal gas utilities over the coming quarters, though nothing specific has been mentioned as of yet. All told, we believe the company will be able to earn \$3.40 a share in fiscal 2016.

The dividend remains a top draw. Indeed, management at Laclede recently raised the quarterly dividend by 6.5%, to \$0.49 a share. This remains well covered by earnings, and dividend increases appear poised to outgrow others in the industry over the coming years, as management has set a target a payout ratio of around 55%-65%. We think that payouts will reach \$2.20 a share over the long haul. **Shares of Laclede Group are neutrally ranked for Timeliness.** These shares do not stand out for total-return potential, but maintain a solid yield with ample room for growth over the coming years. Laclede has an Above-Average Safety rank and a below-market-average Beta. Conservative, long-term investors would be best served waiting for a dip in price.

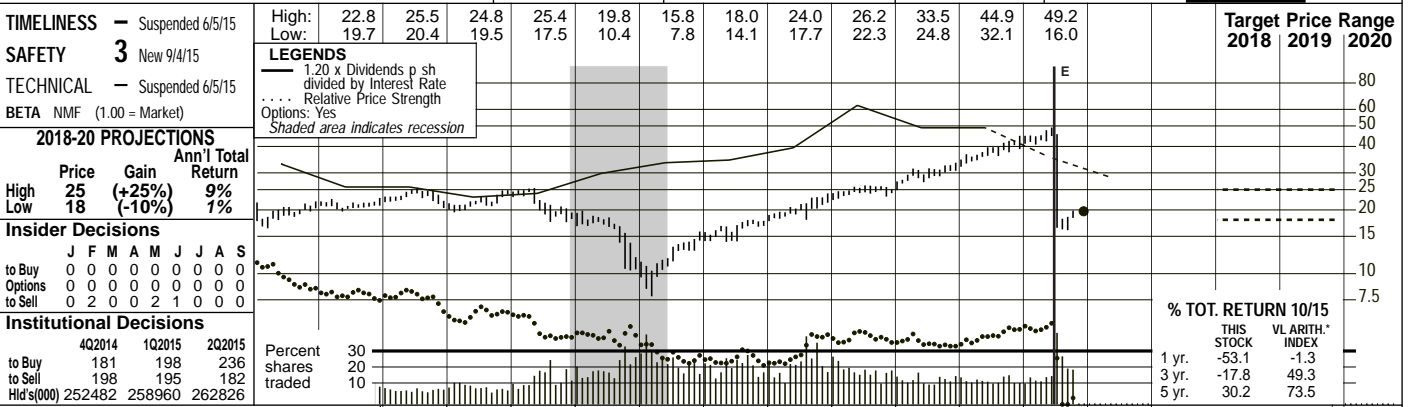
John E. Seibert III
 December 4, 2015

(A) Fiscal year ends Sept. 30th. (B) Based on diluted shares outstanding. Excludes non-recurring loss: '06, 7c. Excludes gain from discontinued operations: '08, 94c. Next earnings report due late January. (C) Dividends historically paid in early January, April, July, and October. (D) Dividend reinvestment plan available. (E) \$8.85/sh. (F) In millions. (G) Qly. egs. may not sum due to rounding or change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	40
Earnings Predictability	80

NISOURCE INC. NYSE-NI

RECENT PRICE **19.75** P/E RATIO **18.6** (Trailing: 16.3 Median: 19.0) RELATIVE P/E RATIO **1.04** DIV'D YLD **3.1%** VALUE LINE



2018-20 PROJECTIONS	Price	Gain	Ann'l Total Return
High	25	(+25%)	9%
Low	18	(-10%)	1%

Insider Decisions	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	2	0	0	2	1	0	0	0

Institutional Decisions	4Q2014	1Q2015	2Q2015	Percent shares traded
to Buy	181	198	236	30
to Sell	198	195	182	20
Hld's(000)	252482	258960	262826	10

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
Revenues per sh	28.97	27.37	28.96	32.36	24.02	22.99	21.33	16.31	18.04	20.47	17.20	18.15	Revenues per sh	20.65
"Cash Flow" per sh	3.14	3.18	3.20	3.32	2.96	3.19	2.98	3.13	3.41	3.60	2.95	3.20	"Cash Flow" per sh	3.45
Earnings per sh ^A	1.08	1.14	1.14	1.34	.84	1.06	1.05	1.37	1.57	1.67	1.10	1.20	Earnings per sh ^A	1.40
Div'd Decl'd per sh ^B	.92	.92	.92	.92	.92	.92	.92	.94	.98	1.02	.83	.66	Div'd Decl'd per sh ^B	.80
Cap'l Spending per sh	2.17	2.33	2.88	3.54	2.81	2.88	3.99	4.83	5.99	6.42	5.60	5.65	Cap'l Spending per sh	5.55
Book Value per sh ^C	18.09	18.32	18.52	17.24	17.54	17.63	17.71	17.90	18.77	19.54	11.85	12.60	Book Value per sh ^C	14.75
Common Shs Outst'g ^D	272.62	273.65	274.18	274.26	276.79	279.30	282.18	310.28	313.68	316.04	320.00	320.00	Common Shs Outst'g ^D	325.00
Avg Ann'l P/E Ratio	21.4	19.2	18.8	12.1	14.3	15.3	19.4	17.9	18.9	22.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0
Relative P/E Ratio	1.14	1.04	1.00	.73	.95	.97	1.22	1.14	1.06	1.18			Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	4.0%	4.2%	4.3%	5.7%	7.6%	5.7%	4.5%	3.8%	3.3%	2.7%			Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 9/30/15	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Revenues (\$mill)	6715
Total Debt \$6683.3 mill. Due in 5 Yrs \$2598.8 mill.	7899.1	7490.0	7939.8	8874.2	6649.4	6422.0	6019.1	5061.2	5657.3	6470.6	5500	5800	Revenues (\$mill)	6715
LT Debt \$6133.5 mill. LT Interest \$450 mill. (Interest cov. earned: 2.9x) (64% of Cap'l)	298.7	314.6	312.0	369.8	231.2	294.6	303.8	410.6	490.9	530.7	350	385	Net Profit (\$mill)	670
Leases, Uncapitalized Annual rentals \$22.7 mill. Pension Assets-12/14 \$2.33 bill. Oblig. \$2.75 bill.	33.3%	35.2%	35.6%	33.4%	41.8%	32.4%	35.0%	34.4%	34.8%	36.9%	37.0%	37.0%	Income Tax Rate	37.5%
Pfd Stock None	2.1%	4.2%	6.6%	--	--	--	--	--	2.9%	2.9%	2.0%	2.0%	AFUDC % to Net Profit	2.0%
Common Stock 318,671,286 shs. as of 10/27/15	51.2%	50.7%	52.4%	55.7%	55.1%	54.7%	55.6%	55.1%	56.3%	56.9%	62.0%	61.5%	Long-Term Debt Ratio	56.5%
MARKET CAP: \$6.3 billion (Large Cap)	48.0%	49.3%	47.6%	44.3%	44.9%	45.3%	44.4%	44.9%	43.7%	43.1%	38.0%	38.5%	Common Equity Ratio	43.5%
CURRENT POSITION	10285	10160	10671	10673	10819	10859	11264	12373	13480	14331	9935	10530	Total Capital (\$mill)	12540
	9554.3	9694.5	10032	10276	10592	11097	11800	12916	14365	16017	11700	12400	Net Plant (\$mill)	14770
	4.8%	4.8%	4.6%	5.2%	4.0%	4.5%	4.4%	5.0%	5.2%	5.3%	5.5%	6.0%	Return on Total Cap'l	5.5%
	6.0%	6.3%	6.1%	7.8%	4.8%	6.0%	6.1%	7.4%	8.3%	8.6%	9.0%	9.5%	Return on Shr. Equity	9.5%
	6.0%	6.3%	6.1%	7.8%	4.8%	6.0%	6.1%	7.4%	8.3%	8.6%	9.0%	9.5%	Return on Com Equity	9.5%
	.9%	1.2%	1.2%	2.5%	NMF	.8%	.9%	2.5%	3.1%	3.4%	2.5%	4.5%	Retained to Com Eq	4.0%
	85%	80%	81%	68%	110%	87%	85%	67%	62%	61%	76%	55%	All Div'ds to Net Prof	57%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	-3.0%	-8.5%	2.0%
"Cash Flow"	-5%	1.5%	.5%
Earnings	-1.0%	7.0%	-1.5%
Dividends	-1.0%	1.5%	-3.5%
Book Value	1.0%	1.0%	-4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	1648.9	1039.1	962.9	1410.3	5061.2
2013	1782.2	1201.5	1076.8	1596.8	5657.3
2014	2320.5	1335.1	1123.9	1691.1	6470.6
2015	2149.7	1169.0	817.2	1364.1	5500
2016	1800	1300	1100	1600	5800

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.66	.23	.06	.42	1.37
2013	.69	.23	.16	.49	1.57
2014	.85	.25	.10	.49	1.67
2015	.85	d.11	.05	.31	1.10
2016	.60	.10	.05	.45	1.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.23	.23	.23	.23	.92
2012	.23	.23	.24	.24	.94
2013	.24	.24	.25	.25	.98
2014	.25	.25	.26	.26	1.02
2015	.26	.26	.155	.155	

BUSINESS: NiSource Inc. is a holding company for Northern Indiana Public Service Company (NIPSCO), which supplies electricity and gas to the northern third of Indiana. Customers: 461,000 electric in Indiana, 3.4 million gas in Indiana, Ohio, Pennsylvania, Kentucky, Virginia, Maryland, Massachusetts through its Columbia subsidiaries. Revenue breakdown, 2014: electrical, 26%; gas, 69%; other, 5%. Generating sources, 2014: coal, 77.3%; purchased & other, 22.7%. 2014 reported depreciation rates: 3.0% electric, 1.8% gas. Has 8,982 employees. Chairman: Ian M. Rolland. President & Chief Executive Officer: Robert C. Skaggs, Jr. Incorporated: Indiana. Address: 801 East 86th Ave., Merrillville, Indiana 46410. Telephone: 877-647-5990. Internet: www.nisource.com.

NiSource reported decent third-quarter results. Though earnings per share from continuing operations were positive at \$0.05 a share, results were held back by a \$19.7 million charge from operations relating to the spinoff of Columbia Pipelines. The company appears on track for decent fourth-quarter results as cooler temperatures return and drive natural gas usage higher. We still think the company can earn \$1.10 in 2015.

Positive outcomes for rate-case filings should benefit long-term operations. NIPSCO submitted a request to adjust electric base rates, though these would not go into effect until mid-2016. They include \$95 million in system upgrades, \$90 million to replace meters, and \$8.5 million for technology upgrades. We think these are likely to be approved, which would boost growth over the coming years. Meanwhile, NiSource remains on track to spend \$1.3 billion in 2015 and \$1.4 billion in 2016 as part of its \$30 billion long-term infrastructure-replacement program, which should be a boon to operations. We think the company can earn \$1.40 a share by late decade.

The fiscal position remains highly leveraged after the spinoff. Though debt was paid down from a one-time distribution from the Columbia Pipelines, the balance sheet remains significantly leveraged, with nearly 64% of capital being sourced through debt. This remains quite high compared to others in the industry. Management will likely work to lower that figure over the coming years through excess cash flow, though interest-rate increases could wind up being a significant headwind to share-net growth.

The dividend yield is on par with the industry average. The current payout is around 3.1% and remains well covered by cash flows. Too, it should grow at around 4%-6% annually, post spinoff.

Shares of NiSource are currently unranked for Timeliness due to the spinoff. These shares offer little appreciation potential, as they have increased around 22% in price, since our September report. Despite the decent yield, most long-term investors would be best served waiting for a dip in price before making new equity commitments.

John E. Seibert III December 4, 2015

(A) Dil. EPS. Excl. nonrec. gains (losses): '05, (4c); gains (losses) on disc. ops.: '05, 10c; '06, (11c); '07, 3c; '08, (\$1.14); '15, (30c). Next egs. report due late January. Qtrly egs. may not sum to total due to rounding. (B) Div'ds historically paid in mid-Feb., May, Aug., Nov. ■ Div'd reinv. avail. (C) Incl. intang in '14: \$3930.9 million, \$12.45/sh. (D) In mill. (E) Spun off Columbia Pipeline Group (7/15) (F) Suspended due to spinoff of CPGX

Company's Financial Strength B+
 Stock's Price Stability NMF
 Price Growth Persistence NMF
 Earnings Predictability NMF

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NEW JERSEY RES. NYSE-NJR										RECENT PRICE	P/E RATIO	(Trailing: 19.3)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range																																						
										31.10	18.4	(Median: 16.0)	1.03	3.1%		2018	2019	2020																																				
TIMELINESS	3	Lowered 10/31/14	High: 14.9	16.4	17.7	18.8	20.6	21.2	22.0	25.2	25.1	23.8	32.1	33.7																																								
SAFETY	1	Raised 9/15/06	Low: 12.2	13.6	13.8	15.2	12.3	15.0	16.7	19.8	19.3	19.5	21.9	26.8																																								
TECHNICAL	2	Raised 11/20/15	LEGENDS 1.00 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 3/02 3-for-2 split 3/08 2-for-1 split 3/15 Options: Yes Shaded area indicates recession																																																			
BETA	.80	(1.00 = Market)																																																				
2018-20 PROJECTIONS																																																						
Price	30	Gain (-5%)																																																				
Ann'l Total Return	25	2%																																																				
High	30																																																					
Low	25																																																					
Insider Decisions																																																						
J	F	M	A	M	J	J	A	S																																														
to Buy	0	0	0	0	0	0	0	0																																														
Options	0	0	0	0	0	0	0	0																																														
to Sell	0	0	0	0	0	0	0	0																																														
Institutional Decisions																																																						
4Q2014	1Q2015	2Q2015																																																				
to Buy	107	117	103																																																			
to Sell	99	96	113																																																			
Hlds(000)	51530	51597	50230																																																			
										Percent shares traded			30																																									
													20																																									
													10																																									
													7.5																																									
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													TOT. RETURN 10/15																																									
													THIS STOCK																																									
													VL ARITH. INDEX																																									
													1 yr. 11.9																																									
													3 yr. 58.2																																									
													5 yr. 85.7																																									
													73.5																																									
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20																																			
11.33	14.71	25.61	22.06	31.14	30.44	38.10	39.81	36.31	45.37	31.17	32.05	36.30	27.08	38.38	44.40	32.09	35.90	Revenues per sh ^A	39.20																																			
.93	1.00	1.06	1.07	1.19	1.25	1.31	1.37	1.22	1.81	1.58	1.63	1.70	1.86	1.93	2.73	2.50	2.40	"Cash Flow" per sh	2.75																																			
.55	.60	.65	.70	.79	.85	.88	.93	.78	1.35	1.20	1.23	1.29	1.36	1.37	2.10	1.78	1.65	Earnings per sh ^B	1.95																																			
.37	.38	.39	.40	.41	.43	.45	.48	.51	.56	.62	.68	.72	.77	.81	.86	.93	.96	Div'ds Decl'd per sh ^C	1.00																																			
.60	.62	.55	.51	.57	.72	.64	.64	.73	.86	.90	1.05	1.13	1.26	1.33	1.52	1.65	1.70	Cap'l Spending per sh	1.80																																			
3.79	4.14	4.40	4.35	5.13	5.62	5.30	7.50	7.75	8.64	8.29	8.81	9.36	9.80	10.65	11.47	12.99	13.65	Book Value per sh ^D	16.35																																			
79.83	79.17	79.99	83.00	81.70	83.22	82.64	82.88	83.22	84.12	83.17	82.35	82.89	83.05	83.32	84.20	85.19	85.00	Common Shs Outst'g ^E	85.00																																			
15.2	14.7	14.2	14.7	14.0	15.3	16.8	16.1	21.6	12.3	14.9	15.0	16.8	16.8	16.0	11.6	16.6		Avg Ann'l P/E Ratio	14.0																																			
.87	.96	.73	.80	.80	.81	.89	.87	1.15	.74	.99	.95	1.05	1.07	.90	.60	.91		Relative P/E Ratio	.90																																			
4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.0%	3.3%	3.5%	3.7%	3.3%	3.4%	3.7%	3.5%	3.1%		Avg Ann'l Div'd Yield	3.5%																																			
CAPITAL STRUCTURE as of 9/30/15																																																						
Total Debt \$921.1 mill. Due in 5 Yrs \$321.9 mill.										3148.3			3299.6			3021.8			3816.2			2592.5			2639.3			3009.2			2248.9			3198.1			3738.2			2734.0			3050			Revenues (\$mill) ^A			3335					
LT Debt \$843.6 mill. LT Interest \$25.4 mill.										74.4			78.5			65.3			113.9			101.0			101.8			106.5			112.4			113.7			176.9			151.5			140			Net Profit (\$mill)			165					
Incl. \$53.2 mill. capitalized leases.										39.1%			38.9%			38.8%			37.8%			27.1%			41.4%			30.2%			7.1%			25.4%			35.0%			32.0%			32.0%			Income Tax Rate			32.0%					
(LT interest earned: 7.5x; total interest coverage: 7.5x)										2.4%			2.4%			3.0%			3.9%			3.9%			3.5%			5.0%			3.6%			4.7%			5.5%			4.6%			Net Profit Margin			5.0%								
Pension Assets-9/15 \$256.4 mill. Oblig. \$394.4 mill.										42.0%			34.8%			37.3%			39.8%			37.2%			35.5%			39.2%			36.6%			38.2%			43.2%			43.5%			Long-Term Debt Ratio			42.0%								
Pf'd Stock None										58.0%			65.2%			62.7%			61.5%			60.2%			62.8%			64.5%			60.8%			63.4%			61.8%			56.8%			56.5%			Common Equity Ratio			58.0%					
Common Stock 85,796,206 shs. as of 11/20/15										755.3			954.0			1028.0			1182.1			1144.8			1154.4			1203.1			1339.0			1400.3			1564.4			1950.6			2060			Total Capital (\$mill)			2390					
MARKET CAP: \$2.7 billion (Mid Cap)										905.1			934.9			970.9			1017.3			1064.4			1135.7			1295.9			1484.9			1643.1			1884.1			2128.6			2170			Net Plant (\$mill)			2305					
										11.2%			9.6%			7.7%			10.7%			9.7%			9.7%			9.2%			9.0%			12.5%			8.5%			8.0%			Return on Total Cap'l			8.0%								
										17.0%			12.6%			10.1%			15.7%			14.6%			14.0%			13.7%			12.8%			18.3%			13.7%			12.0%			Return on Shr. Equity			12.0%								
										17.0%			12.6%			10.1%			15.7%			14.6%			14.0%			13.7%			12.8%			18.3%			13.7%			12.0%			Return on Com Equity			12.0%								
CURRENT POSITION (SMILL.)										8.5%			6.3%			3.6%			9.5%			7.2%			6.7%			6.2%			6.2%			5.2%			11.0%			6.8%			5.0%			5.0%			All Div'ds to Net Prof			5.1%		
Cash Assets										3.0			2.2			4.9																																						
Other										742.9			680.5			539.6																																						
Current Assets										745.9			682.7			544.5																																						
Accts Payable										332.8			330.3			273.2																																						
Debt Due										434.2			335.5			77.5																																						
Other										84.8			125.3			85.4																																						
Current Liab.										851.8			791.1			436.1																																						
Fix. Chg. Cov.										658%			1007%			750%																																						
ANNUAL RATES										Past 10 Yrs.			Past 5 Yrs.			Est'd '11-'13 to '18-'20																																						
of change (per sh)										2.5%			-3.5%			1.5%																																						
Revenues										5.0%			4.5%			4.5%																																						
"Cash Flow"										6.5%			5.5%			4.0%																																						
Earnings										6.5%			8.5%			3.5%																																						
Dividends										8.0%			4.5%			7.5%																																						
Book Value																																																						
Fiscal Year Ends										Dec.31			Mar.31			Jun.30			Sep.30			Full Fiscal Year																																
2012										642.4			612.9			425.1			568.5			2248.9																																
2013										736.0			960.9			767.5			733.7			3198.1																																
2014										878.4			1579.6			688.3			591.9			3738.2																																
2015										824.1			1013.1			458.5			438.3			2734.0																																
2016										905			1085			540			520			3050																																
Fiscal Year Ends										Dec.31			Mar.31			Jun.30			Sep.30			Full Fiscal Year																																
2012										.55			.90			.05			d.14			1.36																																
2013										.43			.82			.12			d.01			1.37																																
2014										.47			1.81			.05			d.23			2.10																																
2015										.65			1.16			.03			d.06			1.78																																
2016										.62			1.13			Nil			d.10			1.65																																
Calendar										Mar.31			Jun.30			Sep.30			Dec.31			Full Year																																
2011										.18			.18			.18			.18			.72																																
2012										.19			.19			.19			.40			.97																																
2013										-			.20			.20			.60																																			
2014										.21			.21			.23			.86																																			
2015										.23			.23			.24																																						

New Jersey Resources faced a difficult operating environment this past fiscal year (ended September 30th). Indeed, the annual top line declined about 27%, on a year-over-year basis, to roughly \$2.73 billion. We consider this more of a technicality due to lower natural gas pricing when viewed against 2014's comparable figures and not necessarily a slowdown in NJR's overall business operations. This is evident in the New Jersey Natural Gas (NJNG) division's penchant for consistently adding new customer accounts. In fact, that division saw its average active customer meters rise by approximately 7,860 last year. At the same time, total system throughput also advanced nicely over the course of fiscal 2015, rising 31%, to 341 bcf for the year. However, on the downside, the sharp drop in top-line volumes did weigh on both fixed- and variable-cost absorption. To that end, operating expenses increased 400 basis points as a function of revenues. On balance, these factors equated to a 15% bottom line decline, to \$1.78 a share, for the year. **The company appears poised to log a mid-single-digit earnings decline this**

commercial and electric utility, 69% incentive programs). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2014 dep. rate: 3.0%. Has 968 empls. Off./dir. own about 1.4% of common (12/14 Proxy). Chrmn., CEO & Pres.: Laurence M. Downes. Inc.: NJ Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.

year. Natural gas and other petroleum commodity prices could remain depressed in fiscal 2016, as well. Many of the OPEC nations are in talks to reduce the glut of supply on the market but individually no one wants to reduce output and thus market share. This is weighing on the wholesale natural gas arm, or Energy Services unit, which has been having a tough time over the past year. On the upside, the NJNG regulated utility division continues to grow nicely, likely as a reflection of a firming up in the residential new construction market in its service territory. Additional contributions should stem from the Clean Energy Ventures unit, which is benefiting from solar installations that are coming on line. **At their recent quotation, these neutrally ranked shares are not overly compelling.** As an income vehicle, NJR is also lacking, considering the dividend yield is below the industry average of about 3.2%. Meanwhile, the stock is trading above our Target Price Range, suggesting it offers little to no appreciation potential for the pull to 2018-2020.

Bryan J. Fong
December 4, 2015

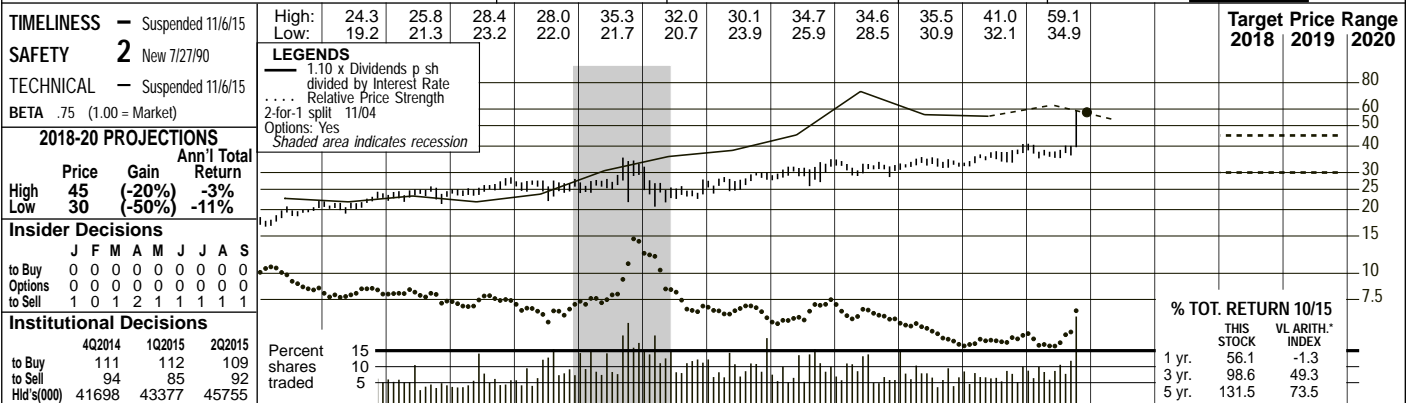
(A) Fiscal year ends Sept. 30th. (B) Diluted earnings. Qly eggs may not sum to total due to change in shares outstanding. Next earnings report due late Jan. (C) Dividends historically paid in early Jan., April, July, and October. 1Q '13 div'd paid in 4Q '12. ■ Dividend reinvestment plan available. (D) Includes regulatory assets in 2014: \$377.6 million, \$4.48/share. (E) In millions, adjusted for splits.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	60

N.W. NAT'L GAS NYSE:NWN		RECENT PRICE	P/E RATIO	Trailing: 25.0 Median: 18.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
TIMELINESS 3 Raised 12/4/15 SAFETY 1 Raised 3/18/05 TECHNICAL 3 Lowered 12/4/15 BETA .65 (1.00 = Market)		High: 34.1 Low: 27.5	39.6 32.4	43.7 32.8	52.8 39.8	55.2 37.7	46.5 37.7	50.9 41.1	49.0 39.6	50.8 41.0	46.6 40.0	52.6 40.1	52.3 42.0	Target Price Range 2018 2019 2020																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
2018-20 PROJECTIONS Price High 60 Low 50 Gain (+25%) (+5%) Ann'l Total Return 9% 5%													% TOT. RETURN 10/15 THIS STOCK VS. ARITH. INDEX 1 yr. 5.9 -1.3 3 yr. 15.9 49.3 5 yr. 16.9 73.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
Insider Decisions J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 3 0 0 1 0 0 0 to Sell 2 0 4 1 0 1 0 0 0		Institutional Decisions 4Q2014 1Q2015 2Q2015 to Buy 79 93 80 to Sell 66 55 76 Hlds(000) 16761 17253 16711											Percent shares traded 15 10 5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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LLC</th><th>18-20</th> </tr> </thead> <tbody> <tr> <td>18.17</td><td>21.09</td><td>25.78</td><td>25.07</td><td>23.57</td><td>25.69</td><td>33.01</td><td>37.20</td><td>39.13</td><td>39.16</td><td>38.17</td><td>30.56</td><td>31.72</td><td>27.14</td><td>28.02</td><td>27.64</td><td>26.90</td><td>28.10</td><td>Revenues per sh</td><td>31.25</td> </tr> <tr> <td>3.72</td><td>3.68</td><td>3.86</td><td>3.65</td><td>3.85</td><td>3.92</td><td>4.34</td><td>4.76</td><td>5.41</td><td>5.31</td><td>5.20</td><td>5.18</td><td>5.00</td><td>4.94</td><td>5.04</td><td>5.05</td><td>4.50</td><td>5.00</td><td>"Cash Flow" per sh</td><td>6.45</td> </tr> <tr> <td>1.70</td><td>1.79</td><td>1.88</td><td>1.62</td><td>1.76</td><td>1.86</td><td>2.11</td><td>2.35</td><td>2.76</td><td>2.57</td><td>2.83</td><td>2.73</td><td>2.39</td><td>2.22</td><td>2.24</td><td>2.16</td><td>1.80</td><td>2.20</td><td>Earnings per sh ^A</td><td>3.30</td> </tr> <tr> <td>1.23</td><td>1.24</td><td>1.25</td><td>1.26</td><td>1.27</td><td>1.30</td><td>1.32</td><td>1.39</td><td>1.44</td><td>1.52</td><td>1.60</td><td>1.68</td><td>1.75</td><td>1.79</td><td>1.83</td><td>1.85</td><td>1.87</td><td>1.91</td><td>Div'ds Decl'd per sh ^B</td><td>2.10</td> </tr> <tr> <td>4.78</td><td>3.46</td><td>3.23</td><td>3.11</td><td>4.90</td><td>5.52</td><td>3.48</td><td>3.56</td><td>4.48</td><td>3.92</td><td>5.09</td><td>9.35</td><td>3.76</td><td>4.91</td><td>5.13</td><td>4.40</td><td>5.80</td><td>6.15</td><td>Cap'l Spending per sh</td><td>6.80</td> </tr> <tr> <td>17.12</td><td>17.93</td><td>18.56</td><td>18.88</td><td>19.52</td><td>20.64</td><td>21.28</td><td>22.01</td><td>22.52</td><td>23.71</td><td>24.88</td><td>26.08</td><td>26.70</td><td>27.23</td><td>27.77</td><td>28.12</td><td>28.75</td><td>29.85</td><td>Book Value per sh ^D</td><td>33.85</td> </tr> <tr> <td>25.09</td><td>25.23</td><td>25.23</td><td>25.59</td><td>25.94</td><td>27.55</td><td>27.58</td><td>27.24</td><td>26.41</td><td>26.50</td><td>26.53</td><td>26.58</td><td>26.76</td><td>26.92</td><td>27.08</td><td>27.28</td><td>27.50</td><td>27.75</td><td>Common Shs Outst'g ^C</td><td>28.00</td> </tr> <tr> <td>14.5</td><td>12.4</td><td>12.9</td><td>17.2</td><td>15.8</td><td>16.7</td><td>17.0</td><td>15.9</td><td>16.7</td><td>18.1</td><td>15.2</td><td>17.0</td><td>19.0</td><td>21.1</td><td>19.4</td><td>20.7</td><td>Bold figures are Value Line estimates</td><td></td><td>Avg Ann'l P/E Ratio</td><td>17.0</td> </tr> <tr> <td>.83</td><td>.81</td><td>.66</td><td>.94</td><td>.90</td><td>.88</td><td>.91</td><td>.86</td><td>.89</td><td>1.09</td><td>1.01</td><td>1.08</td><td>1.19</td><td>1.34</td><td>1.09</td><td>1.09</td><td></td><td></td><td>Relative P/E Ratio</td><td>1.05</td> </tr> <tr> <td>5.0%</td><td>5.6%</td><td>5.1%</td><td>4.5%</td><td>4.6%</td><td>4.2%</td><td>3.7%</td><td>3.7%</td><td>3.1%</td><td>3.3%</td><td>3.7%</td><td>3.6%</td><td>3.9%</td><td>3.8%</td><td>4.2%</td><td>4.1%</td><td></td><td></td><td>Avg Ann'l Div'd Yield</td><td>3.7%</td> </tr> <tr> <td colspan="4"> CAPITAL STRUCTURE as of 9/30/15 Total Debt \$846.9 mill. Due in 5 Yrs \$360.0 mill. LT Debt \$621.7 mill. LT Interest \$45.0 mill. (Total interest coverage: 3.0x) </td> <td>910.5</td><td>1013.2</td><td>1033.2</td><td>1037.9</td><td>1012.7</td><td>812.1</td><td>848.8</td><td>730.6</td><td>758.5</td><td>754.0</td><td>740</td><td>780</td><td>Revenues (\$mill)</td><td>875</td> </tr> <tr> <td colspan="4"></td> <td>58.1</td><td>65.2</td><td>74.5</td><td>68.5</td><td>75.1</td><td>72.7</td><td>63.9</td><td>59.9</td><td>60.5</td><td>58.7</td><td>49.0</td><td>61.0</td><td>Net Profit (\$mill)</td><td>92.5</td> </tr> <tr> <td colspan="4"></td> <td>36.0%</td><td>36.3%</td><td>37.2%</td><td>36.9%</td><td>38.3%</td><td>40.5%</td><td>40.4%</td><td>42.4%</td><td>40.8%</td><td>41.5%</td><td>43.0%</td><td>40.0%</td><td>Income Tax Rate</td><td>38.0%</td> </tr> <tr> <td colspan="4"></td> <td>6.4%</td><td>6.4%</td><td>7.2%</td><td>6.6%</td><td>7.4%</td><td>8.9%</td><td>7.5%</td><td>8.2%</td><td>8.0%</td><td>7.8%</td><td>6.7%</td><td>7.8%</td><td>Net Profit Margin</td><td>10.6%</td> </tr> <tr> <td colspan="4"></td> <td>47.0%</td><td>46.3%</td><td>46.3%</td><td>44.9%</td><td>47.7%</td><td>46.1%</td><td>47.3%</td><td>48.5%</td><td>47.6%</td><td>44.8%</td><td>44.5%</td><td>44.5%</td><td>Long-Term Debt Ratio</td><td>44.0%</td> </tr> <tr> <td colspan="4"></td> <td>53.0%</td><td>53.7%</td><td>53.7%</td><td>55.1%</td><td>52.3%</td><td>53.9%</td><td>52.7%</td><td>51.5%</td><td>52.4%</td><td>55.2%</td><td>55.5%</td><td>55.5%</td><td>Common Equity Ratio</td><td>56.0%</td> </tr> <tr> <td colspan="4"> Pension Assets-12/14 \$279.2 mill. Pfd Stock None Common Stock 27,371,642 shares as of 10/23/15 </td> <td>1108.4</td><td>1116.5</td><td>1106.8</td><td>1140.4</td><td>1261.8</td><td>1284.8</td><td>1356.2</td><td>1424.7</td><td>1433.6</td><td>1389.0</td><td>1435</td><td>1495</td><td>Total Capital (\$mill)</td><td>1685</td> </tr> <tr> <td colspan="4"></td> <td>1373.4</td><td>1425.1</td><td>1495.9</td><td>1549.1</td><td>1670.1</td><td>1854.2</td><td>1893.9</td><td>1973.6</td><td>2062.9</td><td>2121.6</td><td>2205</td><td>2295</td><td>Net Plant (\$mill)</td><td>2580</td> </tr> <tr> <td colspan="4"></td> <td>6.5%</td><td>7.1%</td><td>8.5%</td><td>7.7%</td><td>7.3%</td><td>7.0%</td><td>6.2%</td><td>5.7%</td><td>5.8%</td><td>5.8%</td><td>4.5%</td><td>5.5%</td><td>Return on Total Cap'l</td><td>6.5%</td> </tr> <tr> <td colspan="4"></td> <td>9.9%</td><td>10.9%</td><td>12.5%</td><td>10.9%</td><td>11.4%</td><td>10.5%</td><td>8.9%</td><td>8.2%</td><td>8.1%</td><td>7.6%</td><td>6.5%</td><td>7.5%</td><td>Return on Shr. Equity</td><td>10.0%</td> </tr> <tr> <td colspan="4"></td> <td>9.9%</td><td>10.9%</td><td>12.5%</td><td>10.9%</td><td>11.4%</td><td>10.5%</td><td>8.9%</td><td>8.2%</td><td>8.1%</td><td>7.6%</td><td>6.5%</td><td>7.5%</td><td>Return on Com Equity</td><td>10.0%</td> </tr> <tr> <td colspan="4"></td> <td>3.7%</td><td>4.5%</td><td>6.0%</td><td>4.5%</td><td>5.0%</td><td>4.0%</td><td>2.4%</td><td>1.6%</td><td>1.5%</td><td>1.1%</td><td>Nil</td><td>1.0%</td><td>Retained to Com Eq</td><td>3.5%</td> </tr> <tr> <td colspan="4"></td> <td>63%</td><td>59%</td><td>52%</td><td>59%</td><td>56%</td><td>61%</td><td>73%</td><td>80%</td><td>81%</td><td>85%</td><td>104%</td><td>87%</td><td>All Div'ds to Net Prof</td><td>64%</td> </tr> <tr> <td colspan="4"> CURRENT POSITION (\$MILL) Cash Assets 9.5 Other 321.0 Current Assets 330.5 Accts Payable 96.1 Debt Due 248.2 Other 88.5 Current Liab. 432.8 Fix. Chg. Cov. 316% </td> <td>2013</td><td>2014</td><td>9/30/15</td><td colspan="11"> BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 704,000 customers, in Oregon (89% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system. </td> </tr> <tr> <td colspan="4"></td> <td>9.5</td><td>9.5</td><td>5.2</td><td colspan="11"> Owns local underground storage. Rev. breakdown: residential, 35%; commercial, 22%; industrial, gas transportation, and other, 43%. Employs 1,092. BlackRock Inc. owns 9.2% of shares; officers and directors, 2.1% (4/15 proxy). CEO: Gregg S. Kantor. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com. </td> </tr> <tr> <td colspan="4"></td> <td>321.0</td><td>353.1</td><td>272.7</td><td colspan="11"> Northwest Natural Gas reported decent third-quarter results. A loss of \$0.24 a share was better than our expectations, aided by higher utility margins and additional customer gains. Utility margins increased due to gas cost incentive sharing. Results were hampered by lower gas storage revenues. The fourth quarter appears likely to show another year-over-year decline as the El Nino weather pattern usually causes weather extremes including more high-temperature days. Thus, we have lowered our fourth-quarter estimate by \$0.11 a share to \$0.92. </td> </tr> <tr> <td colspan="4"></td> <td>330.5</td><td>362.6</td><td>277.9</td><td colspan="11"> The operating environment continues to gradually improve for Northwest Natural Gas. The Portland area population is increasing at a decent rate, as employment is rising and new home sales are driving natural gas usage higher. Too, incentives are driving natural gas conversions in home heating through its oil-to-gas furnace replacement program. These should drive revenues higher over the long haul. </td> </tr> <tr> <td colspan="4"></td> <td>96.1</td><td>91.4</td><td>54.4</td><td colspan="11"> addition, the cost of the expansion is approximately \$125 million and the facility is still expected to be put into service during the winter of 2018-2019. This project should be a long-term plus. </td> </tr> <tr> <td colspan="4"></td> <td>248.2</td><td>274.7</td><td>225.2</td><td colspan="11"> Northwest Natural Gas raised its quarterly dividend slightly, to \$0.4675. Through this is lower than we expected, it is the 60th annual raise for this dividend aristocrat. The small increase may signal a need for capital near term. While the yield remains attractive at nearly 4%, we expect that the payout growth rate will likely be lower than others in the industry over the coming years. Still, payout growth could accelerate, possibly once the Mist project comes on line. </td> </tr> <tr> <td colspan="4"></td> <td>88.5</td><td>103.3</td><td>105.7</td><td colspan="11"> Northwest Natural Gas shares are neutrally ranked for Timeliness. These shares have unspectacular total-return potential, as they are trading just below our 3- to 5-year Target Price Range. Still, they carry our Highest Safety rank (1) and the company has a Financial Strength rating of A. Most conservative, income-seeking accounts should find these shares appealing. </td> </tr> <tr> <td colspan="4"></td> <td>432.8</td><td>469.4</td><td>385.3</td><td colspan="11"> John E. Seibert III December 4, 2015 </td> </tr> <tr> <td colspan="4"></td> <td>316%</td><td>321%</td><td>298%</td><td colspan="11"></td> </tr> <tr> <td colspan="4"> ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 to '18-'20 Revenues 1.0% -6.5% 2.0% "Cash Flow" 3.0% -1.0% 4.5% Earnings 2.5% -4.0% 7.0% Dividends 3.5% 3.5% 2.5% Book Value 3.5% 3.0% 3.5% </td> <td colspan="15"> <table border="1"> <thead> <tr> <th>Cal-endar</th><th colspan="4">QUARTERLY REVENUES (\$ mill.)</th><th>Full Year</th> </tr> <tr> <th></th><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th></th> </tr> </thead> <tbody> <tr> <td>2012</td><td>309.6</td><td>104.0</td><td>87.5</td><td>229.5</td><td>730.6</td> </tr> <tr> <td>2013</td><td>277.9</td><td>131.7</td><td>88.2</td><td>260.7</td><td>758.5</td> </tr> <tr> <td>2014</td><td>293.4</td><td>133.1</td><td>87.2</td><td>240.3</td><td>754.0</td> </tr> <tr> <td>2015</td><td>261.7</td><td>138.3</td><td>91.3</td><td>248.7</td><td>740</td> </tr> <tr> <td>2016</td><td>270</td><td>145</td><td>95.0</td><td>277</td><td>780</td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="4"> <table border="1"> <thead> <tr> <th>Cal-endar</th><th colspan="4">EARNINGS PER SHARE ^A</th><th>Full Year</th> </tr> <tr> <th></th><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th></th> </tr> </thead> <tbody> <tr> <td>2012</td><td>1.51</td><td>.05</td><td>d.39</td><td>1.05</td><td>2.22</td> </tr> <tr> <td>2013</td><td>1.40</td><td>.08</td><td>d.31</td><td>1.07</td><td>2.24</td> </tr> <tr> <td>2014</td><td>1.40</td><td>.04</td><td>d.32</td><td>1.04</td><td>2.16</td> </tr> <tr> <td>2015</td><td>1.04</td><td>.08</td><td>d.24</td><td>.92</td><td>1.80</td> </tr> <tr> <td>2016</td><td>1.20</td><td>.10</td><td>d.20</td><td>1.10</td><td>2.20</td> </tr> </tbody> </table> </td> <td colspan="15"> <table border="1"> <thead> <tr> <th>Cal-endar</th><th colspan="4">QUARTERLY DIVIDENDS PAID ^B</th><th>Full Year</th> </tr> <tr> <th></th><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th></th> </tr> </thead> <tbody> <tr> <td>2011</td><td>.435</td><td>.435</td><td>.435</td><td>.445</td><td>1.75</td> </tr> <tr> <td>2012</td><td>.445</td><td>.445</td><td>.445</td><td>.455</td><td>1.79</td> </tr> <tr> <td>2013</td><td>.455</td><td>.455</td><td>.455</td><td>.460</td><td>1.83</td> </tr> <tr> <td>2014</td><td>.460</td><td>.460</td><td>.460</td><td>.465</td><td>1.85</td> </tr> <tr> <td>2015</td><td>.465</td><td>.465</td><td>.465</td><td>.4675</td><td></td> </tr> </tbody> </table> </td> </tr> </tbody> </table>																		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20	18.17	21.09	25.78	25.07	23.57	25.69	33.01	37.20	39.13	39.16	38.17	30.56	31.72	27.14	28.02	27.64	26.90	28.10	Revenues per sh	31.25	3.72	3.68	3.86	3.65	3.85	3.92	4.34	4.76	5.41	5.31	5.20	5.18	5.00	4.94	5.04	5.05	4.50	5.00	"Cash Flow" per sh	6.45	1.70	1.79	1.88	1.62	1.76	1.86	2.11	2.35	2.76	2.57	2.83	2.73	2.39	2.22	2.24	2.16	1.80	2.20	Earnings per sh ^A	3.30	1.23	1.24	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	1.68	1.75	1.79	1.83	1.85	1.87	1.91	Div'ds Decl'd per sh ^B	2.10	4.78	3.46	3.23	3.11	4.90	5.52	3.48	3.56	4.48	3.92	5.09	9.35	3.76	4.91	5.13	4.40	5.80	6.15	Cap'l Spending per sh	6.80	17.12	17.93	18.56	18.88	19.52	20.64	21.28	22.01	22.52	23.71	24.88	26.08	26.70	27.23	27.77	28.12	28.75	29.85	Book Value per sh ^D	33.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	27.24	26.41	26.50	26.53	26.58	26.76	26.92	27.08	27.28	27.50	27.75	Common Shs Outst'g ^C	28.00	14.5	12.4	12.9	17.2	15.8	16.7	17.0	15.9	16.7	18.1	15.2	17.0	19.0	21.1	19.4	20.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	17.0	.83	.81	.66	.94	.90	.88	.91	.86	.89	1.09	1.01	1.08	1.19	1.34	1.09	1.09			Relative P/E Ratio	1.05	5.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.1%	3.3%	3.7%	3.6%	3.9%	3.8%	4.2%	4.1%			Avg Ann'l Div'd Yield	3.7%	CAPITAL STRUCTURE as of 9/30/15 Total Debt \$846.9 mill. Due in 5 Yrs \$360.0 mill. LT Debt \$621.7 mill. LT Interest \$45.0 mill. (Total interest coverage: 3.0x)				910.5	1013.2	1033.2	1037.9	1012.7	812.1	848.8	730.6	758.5	754.0	740	780	Revenues (\$mill)	875					58.1	65.2	74.5	68.5	75.1	72.7	63.9	59.9	60.5	58.7	49.0	61.0	Net Profit (\$mill)	92.5					36.0%	36.3%	37.2%	36.9%	38.3%	40.5%	40.4%	42.4%	40.8%	41.5%	43.0%	40.0%	Income Tax Rate	38.0%					6.4%	6.4%	7.2%	6.6%	7.4%	8.9%	7.5%	8.2%	8.0%	7.8%	6.7%	7.8%	Net Profit Margin	10.6%					47.0%	46.3%	46.3%	44.9%	47.7%	46.1%	47.3%	48.5%	47.6%	44.8%	44.5%	44.5%	Long-Term Debt Ratio	44.0%					53.0%	53.7%	53.7%	55.1%	52.3%	53.9%	52.7%	51.5%	52.4%	55.2%	55.5%	55.5%	Common Equity Ratio	56.0%	Pension Assets-12/14 \$279.2 mill. Pfd Stock None Common Stock 27,371,642 shares as of 10/23/15				1108.4	1116.5	1106.8	1140.4	1261.8	1284.8	1356.2	1424.7	1433.6	1389.0	1435	1495	Total Capital (\$mill)	1685					1373.4	1425.1	1495.9	1549.1	1670.1	1854.2	1893.9	1973.6	2062.9	2121.6	2205	2295	Net Plant (\$mill)	2580					6.5%	7.1%	8.5%	7.7%	7.3%	7.0%	6.2%	5.7%	5.8%	5.8%	4.5%	5.5%	Return on Total Cap'l	6.5%					9.9%	10.9%	12.5%	10.9%	11.4%	10.5%	8.9%	8.2%	8.1%	7.6%	6.5%	7.5%	Return on Shr. Equity	10.0%					9.9%	10.9%	12.5%	10.9%	11.4%	10.5%	8.9%	8.2%	8.1%	7.6%	6.5%	7.5%	Return on Com Equity	10.0%					3.7%	4.5%	6.0%	4.5%	5.0%	4.0%	2.4%	1.6%	1.5%	1.1%	Nil	1.0%	Retained to Com Eq	3.5%					63%	59%	52%	59%	56%	61%	73%	80%	81%	85%	104%	87%	All Div'ds to Net Prof	64%	CURRENT POSITION (\$MILL) Cash Assets 9.5 Other 321.0 Current Assets 330.5 Accts Payable 96.1 Debt Due 248.2 Other 88.5 Current Liab. 432.8 Fix. Chg. Cov. 316%				2013	2014	9/30/15	BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 704,000 customers, in Oregon (89% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.															9.5	9.5	5.2	Owns local underground storage. Rev. breakdown: residential, 35%; commercial, 22%; industrial, gas transportation, and other, 43%. Employs 1,092. BlackRock Inc. owns 9.2% of shares; officers and directors, 2.1% (4/15 proxy). CEO: Gregg S. Kantor. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com.															321.0	353.1	272.7	Northwest Natural Gas reported decent third-quarter results. A loss of \$0.24 a share was better than our expectations, aided by higher utility margins and additional customer gains. Utility margins increased due to gas cost incentive sharing. Results were hampered by lower gas storage revenues. The fourth quarter appears likely to show another year-over-year decline as the El Nino weather pattern usually causes weather extremes including more high-temperature days. Thus, we have lowered our fourth-quarter estimate by \$0.11 a share to \$0.92.															330.5	362.6	277.9	The operating environment continues to gradually improve for Northwest Natural Gas. The Portland area population is increasing at a decent rate, as employment is rising and new home sales are driving natural gas usage higher. Too, incentives are driving natural gas conversions in home heating through its oil-to-gas furnace replacement program. These should drive revenues higher over the long haul.															96.1	91.4	54.4	addition, the cost of the expansion is approximately \$125 million and the facility is still expected to be put into service during the winter of 2018-2019. This project should be a long-term plus.															248.2	274.7	225.2	Northwest Natural Gas raised its quarterly dividend slightly, to \$0.4675. Through this is lower than we expected, it is the 60th annual raise for this dividend aristocrat. The small increase may signal a need for capital near term. While the yield remains attractive at nearly 4%, we expect that the payout growth rate will likely be lower than others in the industry over the coming years. Still, payout growth could accelerate, possibly once the Mist project comes on line.															88.5	103.3	105.7	Northwest Natural Gas shares are neutrally ranked for Timeliness. These shares have unspectacular total-return potential, as they are trading just below our 3- to 5-year Target Price Range. Still, they carry our Highest Safety rank (1) and the company has a Financial Strength rating of A. Most conservative, income-seeking accounts should find these shares appealing.															432.8	469.4	385.3	John E. Seibert III December 4, 2015															316%	321%	298%												ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 to '18-'20 Revenues 1.0% -6.5% 2.0% "Cash Flow" 3.0% -1.0% 4.5% Earnings 2.5% -4.0% 7.0% Dividends 3.5% 3.5% 2.5% Book Value 3.5% 3.0% 3.5%				<table border="1"> <thead> <tr> <th>Cal-endar</th><th colspan="4">QUARTERLY REVENUES (\$ mill.)</th><th>Full Year</th> </tr> <tr> <th></th><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th></th> </tr> </thead> <tbody> <tr> <td>2012</td><td>309.6</td><td>104.0</td><td>87.5</td><td>229.5</td><td>730.6</td> </tr> <tr> <td>2013</td><td>277.9</td><td>131.7</td><td>88.2</td><td>260.7</td><td>758.5</td> </tr> <tr> <td>2014</td><td>293.4</td><td>133.1</td><td>87.2</td><td>240.3</td><td>754.0</td> </tr> <tr> <td>2015</td><td>261.7</td><td>138.3</td><td>91.3</td><td>248.7</td><td>740</td> </tr> <tr> <td>2016</td><td>270</td><td>145</td><td>95.0</td><td>277</td><td>780</td> </tr> </tbody> </table>															Cal-endar	QUARTERLY REVENUES (\$ mill.)				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				58.1	65.2	74.5	68.5	75.1	72.7	63.9	59.9	60.5	58.7	49.0	61.0	Net Profit (\$mill)	92.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				36.0%	36.3%	37.2%	36.9%	38.3%	40.5%	40.4%	42.4%	40.8%	41.5%	43.0%	40.0%	Income Tax Rate	38.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				6.4%	6.4%	7.2%	6.6%	7.4%	8.9%	7.5%	8.2%	8.0%	7.8%	6.7%	7.8%	Net Profit Margin	10.6%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				47.0%	46.3%	46.3%	44.9%	47.7%	46.1%	47.3%	48.5%	47.6%	44.8%	44.5%	44.5%	Long-Term Debt Ratio	44.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				53.0%	53.7%	53.7%	55.1%	52.3%	53.9%	52.7%	51.5%	52.4%	55.2%	55.5%	55.5%	Common Equity Ratio	56.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Pension Assets-12/14 \$279.2 mill. Pfd Stock None Common Stock 27,371,642 shares as of 10/23/15				1108.4	1116.5	1106.8	1140.4	1261.8	1284.8	1356.2	1424.7	1433.6	1389.0	1435	1495	Total Capital (\$mill)	1685																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				1373.4	1425.1	1495.9	1549.1	1670.1	1854.2	1893.9	1973.6	2062.9	2121.6	2205	2295	Net Plant (\$mill)	2580																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				6.5%	7.1%	8.5%	7.7%	7.3%	7.0%	6.2%	5.7%	5.8%	5.8%	4.5%	5.5%	Return on Total Cap'l	6.5%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
				9.9%	10.9%	12.5%	10.9%	11.4%	10.5%	8.9%	8.2%	8.1%	7.6%	6.5%	7.5%	Return on Shr. Equity	10.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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				3.7%	4.5%	6.0%	4.5%	5.0%	4.0%	2.4%	1.6%	1.5%	1.1%	Nil	1.0%	Retained to Com Eq	3.5%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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CURRENT POSITION (\$MILL) Cash Assets 9.5 Other 321.0 Current Assets 330.5 Accts Payable 96.1 Debt Due 248.2 Other 88.5 Current Liab. 432.8 Fix. Chg. Cov. 316%				2013	2014	9/30/15	BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 704,000 customers, in Oregon (89% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				9.5	9.5	5.2	Owns local underground storage. Rev. breakdown: residential, 35%; commercial, 22%; industrial, gas transportation, and other, 43%. Employs 1,092. BlackRock Inc. owns 9.2% of shares; officers and directors, 2.1% (4/15 proxy). CEO: Gregg S. Kantor. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				321.0	353.1	272.7	Northwest Natural Gas reported decent third-quarter results. A loss of \$0.24 a share was better than our expectations, aided by higher utility margins and additional customer gains. Utility margins increased due to gas cost incentive sharing. Results were hampered by lower gas storage revenues. The fourth quarter appears likely to show another year-over-year decline as the El Nino weather pattern usually causes weather extremes including more high-temperature days. Thus, we have lowered our fourth-quarter estimate by \$0.11 a share to \$0.92.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				330.5	362.6	277.9	The operating environment continues to gradually improve for Northwest Natural Gas. The Portland area population is increasing at a decent rate, as employment is rising and new home sales are driving natural gas usage higher. Too, incentives are driving natural gas conversions in home heating through its oil-to-gas furnace replacement program. These should drive revenues higher over the long haul.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				96.1	91.4	54.4	addition, the cost of the expansion is approximately \$125 million and the facility is still expected to be put into service during the winter of 2018-2019. This project should be a long-term plus.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				248.2	274.7	225.2	Northwest Natural Gas raised its quarterly dividend slightly, to \$0.4675. Through this is lower than we expected, it is the 60th annual raise for this dividend aristocrat. The small increase may signal a need for capital near term. While the yield remains attractive at nearly 4%, we expect that the payout growth rate will likely be lower than others in the industry over the coming years. Still, payout growth could accelerate, possibly once the Mist project comes on line.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				88.5	103.3	105.7	Northwest Natural Gas shares are neutrally ranked for Timeliness. These shares have unspectacular total-return potential, as they are trading just below our 3- to 5-year Target Price Range. Still, they carry our Highest Safety rank (1) and the company has a Financial Strength rating of A. Most conservative, income-seeking accounts should find these shares appealing.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				432.8	469.4	385.3	John E. Seibert III December 4, 2015																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
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ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 to '18-'20 Revenues 1.0% -6.5% 2.0% "Cash Flow" 3.0% -1.0% 4.5% Earnings 2.5% -4.0% 7.0% Dividends 3.5% 3.5% 2.5% Book Value 3.5% 3.0% 3.5%				<table border="1"> <thead> <tr> <th>Cal-endar</th><th colspan="4">QUARTERLY REVENUES (\$ mill.)</th><th>Full Year</th> </tr> <tr> <th></th><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th></th> </tr> </thead> <tbody> <tr> <td>2012</td><td>309.6</td><td>104.0</td><td>87.5</td><td>229.5</td><td>730.6</td> </tr> <tr> <td>2013</td><td>277.9</td><td>131.7</td><td>88.2</td><td>260.7</td><td>758.5</td> </tr> <tr> <td>2014</td><td>293.4</td><td>133.1</td><td>87.2</td><td>240.3</td><td>754.0</td> </tr> <tr> <td>2015</td><td>261.7</td><td>138.3</td><td>91.3</td><td>248.7</td><td>740</td> </tr> <tr> <td>2016</td><td>270</td><td>145</td><td>95.0</td><td>277</td><td>780</td> </tr> </tbody> </table>															Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year		Mar.31	Jun.30	Sep.30	Dec.31		2012	309.6	104.0	87.5	229.5	730.6	2013	277.9	131.7	88.2	260.7	758.5	2014	293.4	133.1	87.2	240.3	754.0	2015	261.7	138.3	91.3	248.7	740	2016	270	145	95.0	277	780																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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(A) Diluted earnings per share. Excludes non-recurring items: '00, \$0.11; '06, (\$0.06); '08, (\$0.03); '09, 6¢; May not sum due to rounding. Next earnings report due in early February.
 (B) Dividends historically paid in mid-February, May, August, and November.
 (C) In millions.
 (D) Includes intangibles. In 2014: \$368.9 million, \$13.52/share.
 Company's Financial Strength A
 Stock's Price Stability 100
 Price Growth Persistence 30
 Earnings Predictability 95
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PIEDMONT NAT'L GAS NYSE-PNY **RECENT PRICE 57.83** **P/E RATIO 29.4** (Trailing: 32.3 Median: 19.0) **RELATIVE P/E RATIO 1.64** **DIV'D YLD 2.3%** **VALUE LINE**



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.80	23.37	28.52	22.36	21.48	19.83	15.54	17.07	18.87	17.55	19.05	Revenues per sh ^A	20.85
1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.51	2.64	2.77	3.01	2.91	2.99	3.09	3.29	3.37	3.35	3.55	"Cash Flow" per sh	3.65
.93	1.01	1.01	.95	1.11	1.27	1.32	1.28	1.40	1.49	1.67	1.55	1.57	1.66	1.78	1.84	1.85	2.00	Earnings per sh ^{AB}	2.10
.68	.72	.76	.80	.82	.85	.91	.95	.99	1.03	1.07	1.11	1.15	1.19	1.23	1.27	1.31	1.35	Div'ds Decl'd per sh ^C	1.47
1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.85	2.47	1.76	2.75	3.37	7.33	8.01	5.91	6.10	5.95	Cap'l Spending per sh	5.95
7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.83	11.99	12.11	12.67	13.35	13.79	14.21	15.87	16.80	17.60	18.50	Book Value per sh ^D	20.25
62.59	63.83	64.93	66.18	67.31	76.67	76.70	74.61	73.23	73.26	73.27	72.28	72.32	72.25	74.88	77.88	79.00	80.00	Common Shs Outst'g ^E	80.00
17.7	14.3	16.7	18.4	16.7	16.6	17.9	19.2	18.7	18.2	15.4	17.1	18.9	19.2	18.5	18.9	20.7		Avg Ann'l P/E Ratio	18.0
1.01	.93	.86	1.01	.95	.88	.95	1.04	.99	1.10	1.03	1.09	1.19	1.22	1.04	1.04	1.14		Relative P/E Ratio	1.13
4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%	4.1%	4.2%	3.9%	3.7%	3.7%	3.7%	3.4%		Avg Ann'l Div'd Yield	3.9%

CAPITAL STRUCTURE as of 7/31/15				1761.1	1924.6	1711.3	2089.1	1638.1	1552.3	1433.9	1122.8	1278.2	1469.9	1385	1525	Revenues (\$mill) ^A	1665
Total Debt \$1794.5 mill. Due in 5 Yrs \$410.0 mill.				101.3	97.2	104.4	110.0	122.8	111.8	113.6	119.8	134.4	143.8	145	160	Net Profit (\$mill)	170
LT Debt \$1384.5 mill. LT Interest \$61.6 mill.				33.7%	34.2%	33.0%	36.3%	28.5%	23.4%	24.6%	29.7%	32.6%	25.0%	25.0%	25.0%	Income Tax Rate	25.0%
(LT interest earned: 4.1x; total interest coverage: 3.4x)				5.8%	5.0%	6.1%	5.3%	7.5%	7.2%	7.9%	10.7%	10.5%	9.8%	10.3%	10.4%	Net Profit Margin	10.2%
Pension Assets-10/14 \$364.2 mill.				41.4%	48.3%	48.4%	47.2%	44.1%	41.0%	40.4%	48.7%	49.7%	52.1%	47.5%	46.0%	Long-Term Debt Ratio	43.5%
Oblig. \$346.4 mill.				58.6%	51.7%	51.6%	52.8%	55.9%	59.0%	59.6%	51.3%	50.3%	47.9%	52.5%	54.0%	Common Equity Ratio	56.5%
Pfd Stock None				1509.2	1707.9	1703.3	1681.5	1660.5	1636.9	1671.9	2002.0	2363.5	2733.0	2640	2730	Total Capital (\$mill)	2870
Common Stock 79,205,112 shs. as of 9/1/15				1939.1	2075.3	2141.5	2240.8	2304.4	2437.7	2627.3	3105.1	3634.5	3989.4	4050	4100	Net Plant (\$mill)	4250
MARKET CAP: \$4.6 billion (Mid Cap)				8.2%	7.2%	7.8%	8.2%	9.1%	8.4%	8.2%	7.0%	6.8%	6.4%	7.5%	7.5%	Return on Total Cap'l	7.5%
CURRENT POSITION 2013 2014 7/31/15				11.5%	11.0%	11.9%	12.4%	13.2%	11.6%	11.4%	11.7%	11.3%	11.0%	10.5%	11.0%	Return on Shr. Equity	10.5%
(SMILL.)				11.5%	11.0%	11.9%	12.4%	13.2%	11.6%	11.4%	11.7%	11.3%	11.0%	10.5%	11.0%	Return on Com Equity	10.5%
Cash Assets 8.1 9.6 10.7				3.6%	2.8%	3.5%	3.9%	4.8%	3.3%	3.1%	3.3%	3.6%	3.4%	3.0%	3.5%	Retained to Com Eq	3.0%
Other 340.0 338.4 211.6				68%	74%	70%	69%	64%	72%	73%	72%	69%	69%	71%	68%	All Div'ds to Net Prof	71%
Current Assets 348.1 348.0 222.3				BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 992,551 customers in North Carolina, South Carolina, and Tennessee. 2014 revenue mix: residential (46%), commercial (27%), industrial (14%), other (13%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 51.4% of revenues. '14 deprec. rate: 2.7%. Estimated plant age: 10 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has 1,879 employees. Off/dir. own about 1.1% of common stock, BlackRock; 8.6% (1/15 proxy). Chrmn., CEO & Pres.: Thomas E. Skains, Inc.: NC. Addr.: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmontng.com.													
Accts Payable 140.1 139.7 128.9				Shares of Piedmont Natural Gas advanced sharply and have remained relatively steady since the news of its pending acquisition broke. The company entered into a definitive agreement to be purchased by Duke Energy for \$60.00 per share in cash. The tender offer price, coupled with Duke's assumption of about \$1.8 billion in PNY's debt, gives the company an overall enterprise value of roughly \$6.7 billion. The deal has already been unanimously approved by the board of directors of both companies. The purchase still needs to pass traditional shareholder and regulatory approvals, as well as North Carolina Utilities Commission consent. It is expected to close by year-end 2016. Meanwhile, the company appears poised to register mixed financial results for fiscal 2015 (ended October 31st). Indeed, we look for revenues to decline about 6% this year largely due to the downturn of natural gas pricing when viewed against 2014's figures. On the upside, the company continues to add new customers. Over the first nine months of 2015, PNY added almost 12,250 accounts. Moreover, reduced commodity pricing is also translating to lower cost of goods sold. However, rising operations and maintenance, depreciation, and general tax line items have been a drag on margins. On balance, we think these factors will result in a relatively unchanged bottom line for the year recently completed. Capital projects, customer additions, and rate cases augur well for fiscal 2016's prospects. The company was on pace to devote about \$515 million to capital expenditures in 2015. Meantime, gains in residential new construction have also been nicely complementary. However, assuming the company is acquired, these will be moot points. Current shareholders may wish to lock in gains and redeploy capital elsewhere. The tender offer price is above our Target Price Range. If for some reason the deal is not completed, we would expect PNY to fall back to preannouncement price levels. In the near term, we have suspended our Timeliness rank on these shares, as they will likely hover right around the tender offer and are no longer trading on earnings.													
Debt Due 500.0 355.0 410.0				Bryan J. Fong December 4, 2015													
Other 76.6 127.3 107.9																	
Current Liab. 716.7 622.0 646.8																	
Fix. Chg. Cov. 325% 325% 325%																	

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
of change (per sh)	1.0%	-7.5%	3.5%
Revenues	5.0%	3.5%	2.0%
"Cash Flow"	5.0%	3.5%	3.0%
Earnings	4.0%	3.5%	3.0%
Dividends	5.0%	4.0%	4.5%
Book Value			

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A	Full Fiscal Year			
Jan.31	Apr.30	Jul.31	Oct.31		
2012	471.8	308.4	161.2	181.4	1122.8
2013	515.9	399.4	162.9	200.0	1278.2
2014	657.7	462.2	164.2	185.8	1469.9
2015	607.3	424.9	158.3	194.5	1385
2016	635	455	205	230	1525

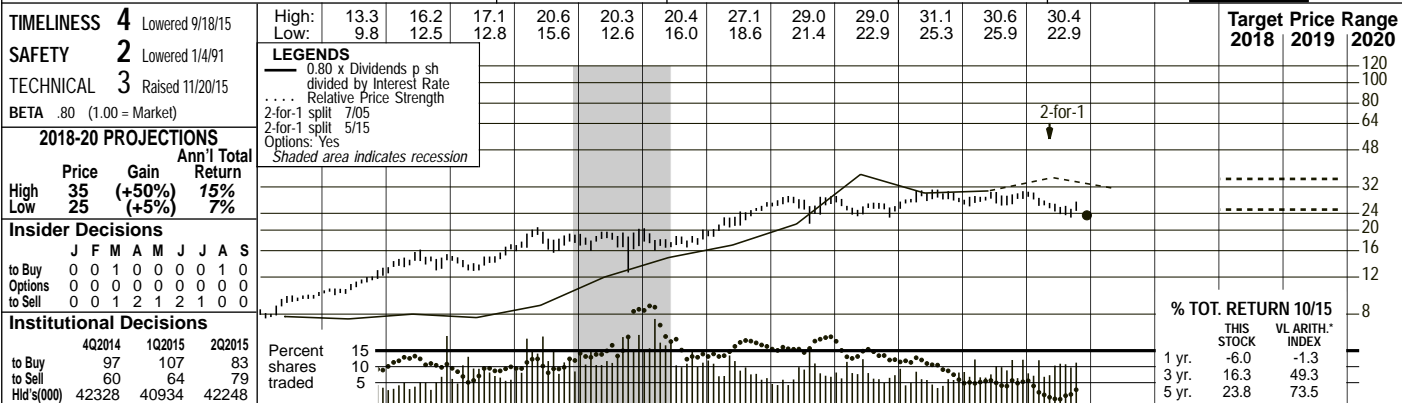
Fiscal Year Ends	EARNINGS PER SHARE ^{AB}	Full Fiscal Year			
Jan.31	Apr.30	Jul.31	Oct.31		
2012	1.05	.70	d.06	d.03	1.66
2013	1.18	.74	d.03	d.11	1.78
2014	1.26	.80	d.09	d.13	1.84
2015	1.18	.84	d.10	d.07	1.85
2016	1.22	.88	d.06	d.04	2.00

Cal-endar	QUARTERLY DIVIDENDS PAID ^C	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2011	.28	.29	.29	.29	1.15
2012	.29	.30	.30	.60	1.49
2013	--	.31	.31	.31	.93
2014	.31	.32	.32	.32	1.27
2015	.32	.33	.33	.33	

(A) Fiscal year ends October 31st.
 (B) Diluted earnings. Excl. extraordinary item: '00, 8c. Excl. nonrecurring gains (losses): '10, 41c. Next earnings report due mid-Jan.
 (C) Dividends historically paid early-January, April, July, October. 2013 Q1 dividend paid in Q4 of 2012. Div'd reinvest. plan available; 5% discount. (D) Includes deferred charges. In 2014: \$809.5 million, \$10.30/share.
 (E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	40
Earnings Predictability	95

SOUTH JERSEY INDS. NYSE-SJI RECENT PRICE **23.47** P/E RATIO **15.5** (Trailing: 18.3; Median: 17.0) RELATIVE P/E RATIO **0.87** DIV'D YLD **4.6%** VALUE LINE



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
8.80	11.22	17.65	10.35	13.17	14.75	15.89	15.88	16.15	16.18	14.19	15.48	13.71	11.16	11.18	12.98	14.15	14.60	Revenues per sh	17.75
.92	.97	.95	1.06	1.12	1.22	1.25	1.75	1.60	1.74	1.86	2.10	2.23	2.34	2.48	2.67	2.45	2.70	"Cash Flow" per sh	3.75
.50	.54	.57	.61	.68	.79	.86	1.23	1.05	1.14	1.19	1.35	1.45	1.52	1.52	1.57	1.45	1.60	Earnings per sh A	2.30
.36	.37	.37	.38	.39	.41	.43	.46	.51	.56	.61	.68	.75	.83	.90	.96	1.02	1.10	Div'ds Decl'd per sh B	1.35
1.09	1.11	1.41	1.74	1.18	1.34	1.60	1.26	.94	1.04	1.83	2.79	3.20	4.01	4.84	5.01	4.30	4.50	Cap'l Spending per sh	5.00
3.37	3.62	3.91	4.84	5.63	6.20	6.75	7.55	8.12	8.67	9.12	9.54	10.33	11.63	12.64	13.65	15.00	15.95	Book Value per sh C	18.40
44.61	46.00	47.44	48.83	52.92	55.52	57.96	58.65	59.22	59.46	59.59	59.75	60.43	63.31	65.43	68.33	70.00	72.00	Common Shs Outst'g D	76.00
13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	15.0	16.8	18.4	16.9	18.9	18.0	18.0	18.0	Avg Ann'l P/E Ratio	14.0
.76	.85	.70	.74	.76	.74	.88	.64	.91	.96	1.00	1.07	1.15	1.08	1.06	.95	.95	.95	Relative P/E Ratio	.90
5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%	3.4%	3.0%	2.8%	3.2%	3.1%	3.4%	3.4%	3.4%	Avg Ann'l Div'd Yield	4.2%

CAPITAL STRUCTURE as of 9/30/15		921.0	931.4	956.4	962.0	845.4	925.1	828.6	706.3	731.4	887.0	990	1050	Revenues (\$mill)	1350
Total Debt	\$1366.7 mill. Due in 5 Yrs	\$868.5 mill.												Net Profit (\$mill)	175
LT Debt	\$937.4 mill.	LT Interest	\$22.0 mill.											Income Tax Rate	25.0%
(Total interest coverage: 4.0x)		41.5%	41.3%	41.9%	47.7%	23.0%	15.2%	22.4%	10.8%	10.8%	20.0%	20.0%	22.0%	Net Profit Margin	13.0%
Leases, Uncapitalized Annual rentals \$.7 mill.		5.3%	7.7%	6.5%	7.0%	8.4%	8.8%	10.5%	13.2%	13.3%	11.7%	10.1%	11.0%	Long-Term Debt Ratio	47.0%
Pension Assets-12/14 \$180.5 mill.		44.9%	44.7%	42.7%	39.2%	36.5%	37.4%	40.5%	45.0%	45.1%	48.0%	47.5%	47.5%	Common Equity Ratio	53.0%
Pfd Stock None		55.1%	55.3%	57.3%	60.8%	63.5%	62.6%	59.5%	55.0%	54.9%	52.0%	52.5%	52.5%	Total Capital (\$mill)	2650
Oblig. \$265.4 mill.		710.3	801.1	839.0	848.0	856.4	910.1	1048.3	1337.6	1507.4	1791.9	2000	2200	Net Plant (\$mill)	2800
Common Stock 69,294,447 shs. as of 11/2/15, adj. for 2-for-1 split		877.3	920.0	948.9	982.6	1073.1	1193.3	1352.4	1578.0	1859.1	2134.1	2350	2450	Return on Total Cap'l	7.0%
MARKET CAP: \$1.6 billion (Mid Cap)		8.3%	10.1%	8.6%	8.9%	9.0%	9.5%	8.9%	7.4%	6.8%	6.4%	5.5%	6.0%	Return on Shr. Equity	12.5%
CURRENT POSITION		12.4%	16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	12.7%	11.7%	11.2%	9.5%	10.0%	Return on Com Equity	12.5%
(\$MILL.)		12.4%	16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	12.7%	11.7%	11.2%	9.5%	10.0%	Retained to Com Eq	5.0%
Cash Assets	3.8	4.2	2.1											All Div'ds to Net Prof	59%
Other	479.1	562.5	476.8												
Current Assets	482.9	566.7	478.9												
Accts Payable	259.8	273.0	189.1												
Debt Due	374.9	395.6	429.3												
Other	130.3	181.6	188.6												
Current Liab.	765.0	850.2	807.0												
Fix. Chg. Cov.	370%	432%	475%												

BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 366,854 customers in New Jersey's southern counties. Gas revenue mix '14: residential, 43%; commercial, 19%; cogeneration and electric generation, 17%; industrial, 21%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, South Jersey Exploration, Marina Energy, South Jersey Energy Service Plus, and SJI Midstream. Has about 700 employees. Off./dir. own .8% of common shares; BlackRock, Inc., 9.5%; The Vanguard Group, Inc., 6.9% (3/15 proxy). Pres. & CEO: Michael J. Renna. Inc.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.

Shares of South Jersey Industries are once again trading near a multiyear low. The stock has declined in recent weeks, following a nice rebound in price that occurred in September and October. The company reported mixed results for the September interim. The top line advanced approximately 15%, on a year-to-year basis. Utility revenues increased at a strong pace, and growth from the non-utility operations was fairly healthy, as well. That said, operating expenses increased, too, and South Jersey Industries reported a share deficit of \$0.07 for the recent period.

The company's core businesses should continue to perform well going forward. Utility South Jersey Gas ought to benefit from significant infrastructure investment and healthy customer growth. This mainstay line recently received approval from the New Jersey Board of Public Utilities to lower customer rates. This reduces customer bills, but will not hurt earnings. Elsewhere, prospects for the company's nonutility operations also appear favorable. SJ Energy Services will probably benefit from the improving performance of its solar assets and contributions from its Combined Heat and Power facilities. Commodity marketing business SJ Energy Group ought to gain from additional contracts scheduled to come on line in 2016 and 2017. Moreover, the company's interest in the Penn East pipeline should contribute to earnings growth by the latter part of the decade.

This issue is ranked to trail the broader market averages for the coming six to 12 months. Looking further out, we project solid growth in revenues, earnings, and dividends for the company over the pull to 2018-2020. Healthy performance from the utility operation, along with contributions from commodity marketing and new fuel supply contracts on the nonutility side, should both drive growth and improve earnings quality in the coming years. On top of that, SJI earns good marks for Safety, Financial Strength, Price Stability, and Earnings Predictability. The healthy dividend yield is another inducement. All things considered, this equity offers solid total return potential, on a risk-adjusted basis.

Michael Napoli, CFA December 4, 2015

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	274.8	121.9	112.0	197.6	706.3
2013	255.6	122.6	128.8	224.4	731.4
2014	350.2	133.3	122.4	281.1	887.0
2015	383.0	177.7	141.1	288.2	990
2016	405	175	155	315	1050

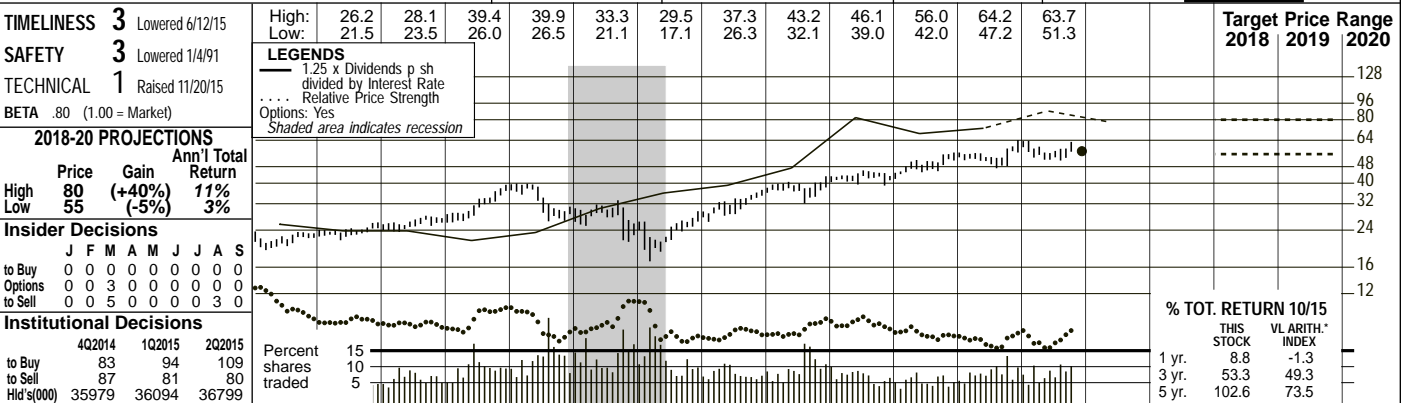
(A) Based on GAAP egs. through 2006, economic egs. thereafter. GAAP EPS: '07, \$1.05; '08, \$1.29; '09, \$0.97; '10, \$1.11; '11, \$1.49; '12, \$1.49; '13, \$1.28; '14, \$1.46. Excl. non-recur. gain (loss): '01, \$0.07; '08, \$0.16; '09, \$0.22; '10, (\$0.24); '11, \$0.04; '12, (\$0.03); '13, (\$0.24); '14, (\$0.11). Earnings may not sum due to rounding. Next egs. report due late February. (B) Div'ds paid early April, July, Oct., and late Dec. = Div. reinvest. plan avail. (C) Incl. reg. assets. In 2014: \$357.2 mill., \$5.23 per shr. (D) In mill., adj. for split.

Company's Financial Strength A
Stock's Price Stability 95
Price Growth Persistence 50
Earnings Predictability 80

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SOUTHWEST GAS NYSE-SWX

RECENT PRICE **56.73** P/E RATIO **18.8** (Trailing: 20.4 Median: 16.0) RELATIVE P/E RATIO **1.05** DIV'D YLD **3.0%** VALUE LINE



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
30.24	32.61	42.98	39.68	35.96	40.14	43.59	48.47	50.28	48.53	42.00	40.18	41.07	41.77	42.08	45.61	50.50	51.55	Revenues per sh	55.75
4.45	4.57	4.79	5.07	5.11	5.57	5.20	5.97	6.21	5.76	6.16	6.46	6.81	7.73	8.24	8.47	8.45	9.00	"Cash Flow" per sh	11.25
1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.98	1.95	1.39	1.94	2.27	2.43	2.86	3.11	3.01	2.85	3.20	Earnings per sh ^A	4.50
.82	.82	.82	.82	.82	.82	.82	.82	.86	.90	.95	1.00	1.06	1.18	1.32	1.46	1.62	1.74	Div'ds Decl'd per sh ^{B,†}	2.10
7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.79	4.81	4.73	8.29	8.57	7.86	8.53	9.40	9.80	Cap'l Spending per sh	11.55
16.31	16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	24.44	25.62	26.66	28.35	30.47	31.95	33.35	34.70	Book Value per sh	39.40
30.99	31.71	32.49	33.29	34.23	36.79	39.33	41.77	42.81	44.19	45.09	45.56	45.96	46.15	46.36	46.52	48.00	49.00	Common Shs Outst'g ^C	52.00
21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	17.3	20.3	12.2	14.0	15.7	15.0	15.8	17.9	15.0	15.0	Avg Ann'l P/E Ratio	15.0
1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.92	1.22	.81	.89	.98	.95	.89	.94	.89	.94	Relative P/E Ratio	.95
3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.6%	3.2%	4.0%	3.2%	2.8%	2.8%	2.7%	2.7%	2.7%	2.7%	Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 9/30/15		2013	2014	9/30/15	BUSINESS:	
Total Debt	\$1560.2 mill. Due in 5 Yrs \$405.0 mill.	1714.3	2024.7	2152.1	2144.7	1893.8
LT Debt	\$1540.4 mill. LT Interest \$72.0 mill.	48.1	80.5	83.2	61.0	87.5
(Total interest coverage: 3.8x) (50% of Cap'l)		29.7%	37.3%	36.5%	40.1%	34.0%
Leases, Uncapitalized Annual rentals \$6.0 mill.		2.8%	4.0%	3.9%	2.8%	4.6%
Pension Assets-12/14 \$799.7 mill. Oblig. \$1132.4 mill.		63.8%	60.6%	58.1%	55.3%	53.5%
Pfd Stock	None	36.2%	39.4%	41.9%	44.7%	46.5%
Common Stock	47,375,398 shs. as of 10/28/15	2076.0	2287.8	2349.7	2323.3	2371.4
MARKET CAP:	\$2.7 billion (Mid Cap)	2489.1	2668.1	2845.3	2983.3	3034.5
CURRENT POSITION (\$MILL.)		4.3%	5.5%	5.5%	4.5%	5.4%
Cash Assets	41.1	39.6	33.0			
Other	453.6	567.2	445.6			
Current Assets	494.7	606.8	478.6			
Accts Payable	183.5	168.0	129.3			
Debt Due	11.1	24.2	19.8			
Other	239.6	277.9	345.6			
Current Liab.	434.2	470.1	494.7			
Fix. Chg. Cov.	430%	395%	383%			

Business: Southwest Gas Corporation is a regulated gas distributor serving approximately 1.9 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2014 margin mix: residential and small commercial, 85%; large commercial and industrial, 4%; transportation, 11%. Total throughput: 1.9 billion therms. Has 6,232 employees. Off. & Dir. own 1.5% of common stock; BlackRock Inc., 9.6%; The Vanguard Group, Inc., 6.9%; GAMCO Investors, Inc., 6.8%; T. Rowe Price Assoc., Inc., 6.5% (3/15 Proxy). Chairman: Michael J. Melarkey. Pres. & CEO: John Hester. Inc.: CA. Address: 5241 Spring Mountain Road, Las Vegas, Nevada 89193. Tel.: 702-876-7237. Internet: www.swgas.com.

Shares of Southwest Gas have pulled back in price in recent weeks, following a nice rally in September and October. The company reported mixed results for the September interim. Revenues advanced roughly 17%, on a year-to-year basis. Construction services revenue increased significantly, thanks to additional pipe replacement work and acquisitions completed in the fourth quarter of last year. This business reported net income of \$14.2 million, up about 6% from the prior-year figure. But despite support from growth in the customer base and rate relief, utility revenues decreased roughly 3%. Moreover, performance here was hurt by a reduction in the cash surrender value of company-owned life insurance policies, due to weakness in equity markets during the quarter. Greater employee-related costs also affected results, and the utility reported a net loss of \$18.9 million. Overall, Southwest Gas posted a deficit of \$0.10 per share for the recent period.

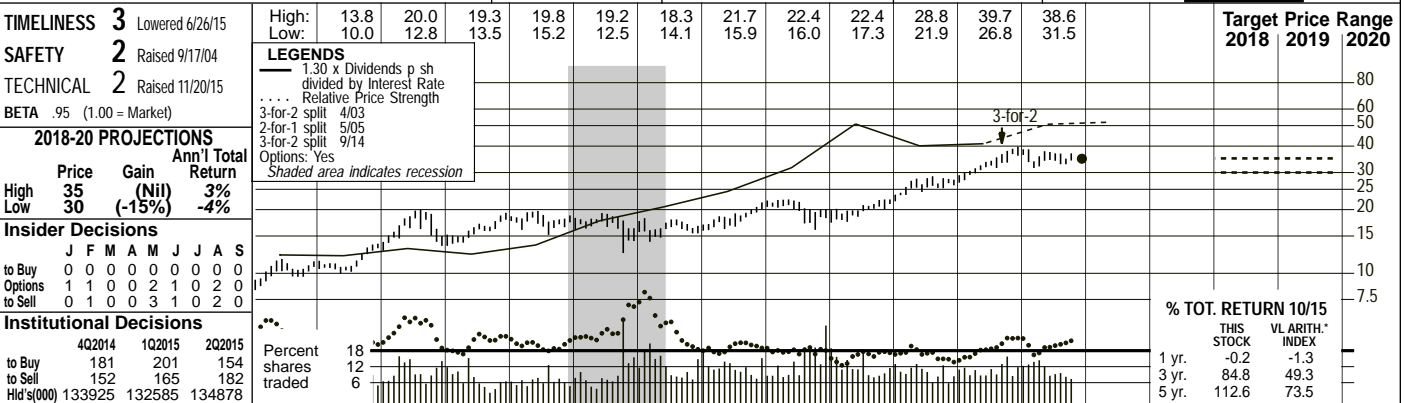
We envision solid performance in the coming quarters. The construction services line appears well positioned for growth with a strong base of utility clients and multiyear pipeline replacement programs. This line ought to experience healthy demand, given the need to replace aging infrastructure. Strength in the U.S. dollar may present a near-term headwind for this unit's Canadian business, though. Elsewhere, the natural gas utility operation should continue to benefit from customer growth, infrastructure tracker mechanisms, and expansion projects. Greater operating expenses may well be at least a partial offset here, though. Overall, we anticipate further top-line growth and a nice share-earnings rebound for Southwest Gas in 2016.

This issue is neutrally ranked for year-ahead performance. However, we do anticipate decent total returns for the stock over the pull to late decade. This should be supported by healthy growth in revenues and share earnings for the company in the coming years. The dividend yield is decent for a gas utility, and prospects for growth in the payout are very good. Moreover, Southwest Gas earns good marks for Price Stability, Price Growth Persistence, and Earnings Predictability.

Michael Napoli, CFA December 4, 2015

(A) Diluted earnings. Excl. nonrec. gains (losses): '02, (10c); '05, (11c); '06, 7c. Next egs. report due late February. (B) Dividends historically paid early March, June, September, and December. † Div'd reinvestment and stock purchase plan avail. (C) In millions. (D) Totals may not sum due to rounding.	Company's Financial Strength B++ Stock's Price Stability 95 Price Growth Persistence 85 Earnings Predictability 80
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UGI CORP. NYSE-UGI RECENT PRICE **34.89** P/E RATIO **16.1** (Trailing: 18.7, Median: 14.0) RELATIVE P/E RATIO **0.90** DIV'D YLD **2.6%** VALUE LINE



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Value Line Pub. LLC	18-20
Price	11.27	14.50	20.09	17.76	23.62	24.63	31.10	33.01	34.24	41.27	35.25	34.01	36.31	38.56	42.10	47.92	38.65	41.65	Revenues per sh ^A	46.90
Gain	1.08	1.16	1.32	1.36	1.59	1.63	2.09	2.05	2.26	2.48	2.82	2.87	2.75	3.05	3.75	4.05	4.25	4.35	"Cash Flow" per sh	4.95
Dividend	.30	.35	.47	.60	.76	.81	1.15	1.10	1.18	1.33	1.57	1.59	1.37	1.17	1.59	1.92	2.01	2.15	Earnings per sh ^{AB}	2.70
Options	.33	.34	.35	.36	.38	.40	.43	.46	.48	.50	.52	.60	.68	.71	.74	.79	.90	.92	Div'ds Decl'd per sh ^C	1.01
CapEx	.57	.58	.64	.76	.79	.87	1.01	1.21	1.39	1.44	1.85	2.11	2.15	2.01	2.84	2.64	2.90	2.90	Cap'l Spending per sh	3.05
Book Value	2.03	2.04	2.08	2.55	4.45	5.43	6.35	6.95	8.26	8.80	9.78	11.10	11.79	13.21	14.59	15.39	16.60	18.70	Book Value per sh ^D	23.05
P/E Ratio	122.72	121.47	122.83	124.66	128.10	153.63	157.20	158.18	159.97	161.09	162.78	164.38	167.75	169.06	170.88	172.73	173.12	180.00	Common Shs Outst'g ^E	180.00
P/E Ratio	15.9	13.6	12.1	11.4	12.6	13.4	13.8	14.0	15.1	13.3	10.3	10.9	15.0	16.4	15.4	15.8	17.7		Avg Ann'l P/E Ratio	12.0
Relative P/E	.91	.88	.62	.62	.72	.71	.73	.76	.80	.80	.69	.69	.94	1.04	.87	.83	.97		Relative P/E Ratio	.75
Dividend Yield	6.9%	7.0%	6.2%	5.3%	3.9%	3.7%	2.7%	3.0%	2.7%	2.9%	3.2%	3.5%	3.3%	3.7%	3.0%	2.6%	2.5%		Avg Ann'l Div'd Yield	3.1%

Year	2013	2014	6/30/15	Value Line Pub. LLC	18-20
Revenues	4888.7	5221.0	5476.9	6648.2	5737.8
Net Profit	182.0	176.2	191.8	215.5	258.5
Income Tax Rate	39.5%	30.5%	23.8%	30.6%	29.4%
Net Profit Margin	3.7%	3.4%	3.5%	3.2%	4.5%
Long-Term Debt Ratio	58.3%	64.1%	60.7%	58.4%	56.2%
Common Equity Ratio	41.7%	35.9%	39.3%	41.6%	43.8%
Total Capital	2390.1	3064.6	3360.7	3405.0	3630.0
Net Plant	1802.7	2214.7	2397.4	2449.5	2903.6
Return on Total Cap'l	9.8%	7.5%	7.4%	7.9%	8.9%
Return on Shr. Equity	18.2%	16.0%	14.5%	15.2%	16.2%
Return on Com Equity	18.2%	16.0%	14.5%	15.2%	16.2%
Retained to Com Eq	11.5%	9.4%	8.7%	9.5%	10.9%
All Div'ds to Net Prof	37%	41%	40%	38%	33%

CAPITAL STRUCTURE as of 6/30/15
 Total Debt \$3779.6 mill. Due in 5 Yrs \$1379 mill.
 LT Debt \$3628.3 mill. LT Interest \$237 mill.
 (Total interest coverage: 4.2x)

Leases, Uncapitalized Annual rentals \$72.6 mill.
Pension Assets-9/14 \$472 mill. **Oblig.** \$595 mill.

Pfd Stock None

Common Stock 172,778,018 shares as of 7/31/15

MARKET CAP: \$6.0 bill. (Mid. Cap)

CURRENT POSITION

(\$MILL.)	2013	2014	6/30/15
Cash Assets	389.3	419.5	385.9
Other	1238.0	1243.5	1172.2
Current Assets	1627.3	1663.0	1558.1
Accts Payable	472.3	459.8	356.8
Debt Due	295.1	288.0	151.3
Other	657.5	683.1	831.3
Current Liab.	1424.9	1430.9	1339.4
Fix. Chg. Cov.	338%	338%	340%

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '12-'14 to '18-'20
Revenues	7.0%	3.0%	1.5%
"Cash Flow"	9.0%	7.5%	5.5%
Earnings	8.0%	3.0%	5.0%
Dividends	7.0%	8.0%	5.0%
Book Value	13.5%	10.0%	8.0%

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	1690	2427	1277	1125	6519.2
2013	2018	2542	1374	1259	7194.7
2014	2316	3163	1486	1311	8277.3
2015	2005	2456	1148	1082	6691.1
2016	2210	2660	1350	1280	7500

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	.51	.79	d.04	d.09	1.17
2013	.60	.99	.09	d.09	1.59
2014	.70	1.23	.10	d.11	1.92
2015	.66	1.23	.03	.01	2.01
2016	.74	1.31	.11	d.01	2.15

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.17	.17	.17	.17	.68
2012	.175	.175	.18	.18	.71
2013	.18	.18	.19	.19	.74
2014	.19	.19	.20	.22	.80
2015	.22	.22	.23	.23	

UGI Corp. registered mixed financial results for fiscal 2015 (ended September 30th). On the downside, revenues declined almost 20% on a year-over-year basis, to \$6.691 billion. This shortfall reflected lower retail gallons sold at the Amerigas Propane division due to warmer-than-normal weather patterns in its service territory. Conversely, overall throughput actually rose at the UGI International and Gas Utility segments. Nonetheless, overall top-line contributions across all of UGI's business segments declined. This was viewed as more of technicality stemming from reduced year-to-year natural gas pricing. The downturn in overall volumes likely weighed on both fixed and variable cost absorption. Still, after excluding the impacts of commodity derivatives, the annual bottom line advanced modestly by about 4.5%, to \$2.01 per share. This was a fair amount above our earlier expectation. **Consequently, we have added a nickel to our earnings estimate for fiscal 2016, to \$2.15 a share.** This would represent a healthy mid- to high-single-digit gain in profits for this year. It also coincides with management's recently issued

guidance range of \$2.15-\$2.30. This ought to reflect contributions from capital projects put into service over the past 12 months, the benefits of last year's acquisition of Total LPGs Distribution business in France, and new customer accounts. UGI added about 15,000 residential and 2,400 commercial customers last year. **An active pipeline of capital expansion projects augurs well for prospects.** The company is on pace to invest \$415 million in two pipelines and one storage facility to boost capacity in the Mid-Atlantic region with a focus on the Marcellus Shale area. **At this juncture, UGI stock does not stand out for the short or long terms.** Our Timeliness Ranking System has the equity pegged to mirror the broader market averages in the coming year. Meanwhile, the stock is trading near the top end of our Target Price Range, thus limiting upside potential for the pull to 2018-2020. Finally, when viewed against the utility industry as a whole, UGI's dividend yield is subpar versus the industry average of about 3.2% per annum.

Bryan J. Fong
 December 4, 2015

(A) Fiscal year ends Sept. 30. Quarterly sales and earnings may not sum to total due to rounding and/or change in share count. (B) Diluted earnings. Excludes nonrecur. items: '99, 13c; '01, d1c; '03, 22c; '04, d6c; '05, 3c; '06, 5c; '07, 12c. Next egs. report due late Jan. (C) Dividends historically paid in early Jan., April, July, and Oct. ■ Div. reinvest. plan available. (D) Incl. intang. At 9/14: \$3,409.5 mill., \$19.73/sh. (E) In mill., adjusted for stock splits.

Company's Financial Strength B++
Stock's Price Stability 85
Price Growth Persistence 85
Earnings Predictability 75

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WGL HOLDINGS NYSE-WGL		RECENT PRICE	61.03	P/E RATIO	19.6	(Trailing: 19.3)	RELATIVE P/E RATIO	1.09	DIV'D YLD	3.0%	VALUE LINE											
TIMELINESS	3 Raised 3/27/15	High: 31.4	34.8	33.6	35.9	37.1	35.5	40.0	45.0	45.0	47.0	56.8	63.2	Target Price Range	2018	2019	2020					
SAFETY	1 Raised 4/2/93	Low: 26.7	28.8	27.0	29.8	22.4	28.6	31.0	34.7	36.0	38.0	35.4	50.9									
TECHNICAL	2 Raised 11/20/15	LEGENDS 1.00 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession																				
BETA	.75 (1.00 = Market)																					
2018-20 PROJECTIONS		Price	Gain	Ann'l Total Return														% TOT. RETURN 10/15	THIS STOCK	VL ARITH. INDEX		
High	Low	60	50	(Nil)	3%														1 yr.	36.8	-1.3	
				(-20%)	-1%														3 yr.	73.7	49.3	
																			5 yr.	93.9	73.5	
Insider Decisions		J	F	M	A	M	J	J	A	S												
to Buy	Options	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
to Sell	Options	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Institutional Decisions		4Q2014	1Q2015	2Q2015																		
to Buy	to Sell	94	116	117																		
Hld's(000)	Hld's(000)	31806	31712	32440																		
Percent shares traded																						
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20			
20.92	22.19	29.80	32.63	42.45	42.93	44.94	53.96	53.51	52.65	53.98	53.60	53.75	47.07	47.70	53.73	53.42	54.00	Revenues per sh ^A	59.00			
2.74	3.20	3.24	2.63	4.00	3.87	3.97	3.84	3.89	4.34	4.44	4.11	4.01	4.53	4.29	4.83	5.60	5.30	"Cash Flow" per sh	5.80			
1.47	1.79	1.88	1.14	2.30	1.98	2.13	1.94	2.09	2.44	2.53	2.27	2.25	2.68	2.31	2.68	3.16	3.10	Earnings per sh ^B	3.55			
1.22	1.24	1.26	1.27	1.28	1.30	1.32	1.35	1.37	1.41	1.47	1.50	1.55	1.59	1.66	1.72	1.83	1.87	Div'ds Decl'd per sh ^C	1.99			
3.42	2.67	2.68	3.34	2.65	2.33	2.32	3.27	3.33	2.70	2.77	2.57	3.94	4.87	6.04	7.63	9.32	16.70	Cap'l Spending per sh	20.00			
14.72	15.31	16.24	15.78	16.25	16.95	17.80	18.86	19.83	20.99	21.89	22.82	23.49	24.64	24.65	24.08	24.97	26.35	Book Value per sh ^D	30.55			
46.47	46.47	48.54	48.56	48.63	48.67	48.65	48.89	49.45	49.92	50.14	50.54	51.20	51.52	51.70	51.76	49.79	50.00	Common Shs Outst'g ^E	50.00			
17.3	14.6	14.7	23.1	11.1	14.2	14.7	15.5	15.6	13.7	12.6	15.1	17.0	15.3	18.2	15.2	17.0		Avg Ann'l P/E Ratio	15.0			
.99	.95	.75	1.26	.63	.75	.78	.84	.83	.82	.84	.96	1.07	.97	1.02	.80	.93		Relative P/E Ratio	.95			
4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.5%	4.2%	4.2%	4.6%	4.4%	4.1%	3.9%	3.9%	4.2%	3.4%		Avg Ann'l Div'd Yield	4.0%			
CAPITAL STRUCTURE as of 9/30/15																		Revenues (\$mill) ^A	2950			
Total Debt \$1301.2 mill. Due in 5 Yrs \$95.0 mill.		2186.3	2637.9	2646.0	2628.2	2706.9	2708.9	2751.5	2425.3	2466.1	2780.9	2659.8	2700			Net Profit (\$mill)	175					
LT Debt \$944.2 mill. LT Interest \$37.7 mill.		104.8	96.0	102.9	122.9	128.7	115.0	115.5	138.4	119.7	139.0	158.2	155			Income Tax Rate	39.0%					
(LT interest earned: 6.2x; total interest coverage: 5.7x) (43% of Total Capital)		37.4%	39.0%	39.1%	37.1%	39.1%	38.7%	42.4%	40.1%	30.2%	29.0%	39.0%	39.0%			Net Profit Margin	6.0%					
Pension Assets-9/14 \$1,218.7 mill.		4.8%	3.6%	3.9%	4.7%	4.8%	4.2%	4.2%	5.7%	4.9%	5.0%	6.0%			Long-Term Debt Ratio	47.5%						
Oblig. \$1,247.4 mill.		39.5%	37.8%	37.9%	35.9%	33.3%	33.4%	32.3%	31.2%	28.7%	34.8%	42.6%			Common Equity Ratio	51.5%						
Preferred Stock \$28.2 mill. Pfd. Div'd \$1.3 mill.		58.6%	60.4%	60.3%	62.4%	65.0%	65.0%	66.2%	67.3%	69.8%	63.8%	56.1%	56.0%			Total Capital (\$mill)	2955					
		1478.1	1526.1	1625.4	1679.5	1687.7	1774.4	1818.1	1886.9	1826.8	1954.0	2215.6	2345			Net Plant (\$mill)	5535					
Common Stock 49,831,775 shs. as of 10/31/15		1969.7	2067.9	2150.4	2208.3	2269.1	2346.2	2489.9	2667.4	2907.5	3314.4	3672.7	4070			Return on Total Cap'l	7.5%					
		8.5%	7.6%	7.6%	8.5%	8.8%	7.6%	7.5%	8.3%	7.5%	8.1%	8.3%	8.0%			Return on Shr. Equity	12.0%					
		11.7%	10.1%	10.2%	11.4%	11.4%	9.7%	9.4%	10.7%	9.2%	10.9%	12.7%	12.0%			Return on Com Equity	12.0%					
		12.0%	10.3%	10.4%	11.6%	11.6%	9.9%	9.5%	10.8%	9.3%	11.0%	12.7%	12.0%			Retained to Com Eq	5.0%					
MARKET CAP: \$3.0 billion (Mid Cap)		4.6%	3.2%	3.5%	5.0%	5.0%	3.3%	3.4%	4.8%	2.6%	4.3%	5.4%	4.5%			All Div'ds to Net Prof	56%					
CURRENT POSITION (SMILL.)		62%	69%	66%	57%	57%	67%	64%	56%	72%	62%	57%	60%									
Cash Assets		3.5	8.8	6.7																		
Other		816.5	826.7	774.7																		
Current Assets		820.0	835.5	781.4																		
Accts Payable		270.7	313.2	325.1																		
Debt Due		440.1	473.5	357.0																		
Other		239.3	233.6	300.8																		
Current Liab.		950.1	1020.3	982.9																		
Fix. Chg. Cov.		535%	535%	535%																		
ANNUAL RATES of change (per sh)		Past 10 Yrs	Past 5 Yrs	Est'd '12-'14 to '18-'20																		
Revenues		2.5%	-1.5%	3.0%																		
"Cash Flow"		2.5%	1.5%	4.0%																		
Earnings		3.5%	1.5%	5.5%																		
Dividends		2.5%	3.0%	3.0%																		
Book Value		4.0%	3.0%	4.0%																		
Fiscal Year Ends		Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year																
2012		727.7	839.4	438.3	419.8	2425.3																
2013		686.7	891.4	478.1	409.9	2466.1																
2014		680.5	1174.0	467.5	458.9	2780.9																
2015		749.2	1001.7	441.2	467.7	2659.8																
2016		760	1010	450	480	2700																
Fiscal Year Ends		Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year																
2012		1.13	1.58	.08	d.11	2.68																
2013		1.14	1.75	d.03	d.55	2.31																
2014		.99	1.84	.02	d.17	2.68																
2015		1.16	2.02	.22	d.23	3.16																
2016		1.14	2.00	.20	d.24	3.10																
Calendar		Mar.31	Jun.30	Sep.30	Dec.31	Full Year																
2011		.378	.39	.39	.39	1.55																
2012		.39	.40	.40	.40	1.59																
2013		.40	.42	.42	.42	1.66																
2014		.42	.44	.44	.44	1.74																
2015		.44	.463	.463	.463																	
BUSINESS:		WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to residential and comm'l users (1,126,300 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy-related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century owns 9.4% of common stock; Off./dir. less than 1% (1/15 proxy). Chrmn. & CEO: Terry D. McCallister, Inc.: D.C. and VA. Addr.: 101 Const. Ave., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.																				
Since our September review, shares of WGL Holdings are trading 10% higher in price. This advance likely reflects WGL's healthy bottom-line gain for fiscal 2015 (ended September 30th). At the same time, the broader market averages also staged a nice rebound.																						
Annual results for the recently completed year were a bit mixed. Indeed, the top line declined roughly 4.5%, to \$2.65 billion. This stemmed from an 8% decline in utility revenues and a 0.5% reduction in nonutility volumes. That said, we do view this as a technicality due to lower year-over-year natural gas prices, and not a result of reduced system throughput. In fact, the utility segment added 12,800 active customer meters last year. Overall operating expenses declined 270 basis points as a function of revenues. Combined, these factors equated to a solid, almost 18% earnings increase, to \$3.16 a share, last year. This was markedly above our earlier expectation.																						
Nonetheless, we have left our fiscal 2016 top- and bottom-line estimates unchanged for the time being. WGL Holdings' utility operations should continue to benefit from rising customer accounts and increased volumes as a result of its accelerated investment program, which should boost system capacity and reliability. However, depressed commodity prices will likely continue to make for difficult year-to-year comparisons.																						
A healthy capital budget augurs well for prospects. The company has about \$835 million worth of growth projects budgeted for 2016. Moreover, that figure jumps to \$3.3 billion for all projects planned from 2016-2020. Some of the most notable ones are the Constitution Pipeline, Central Penn Line, and Mountain Valley Pipeline projects. New compressed natural gas fueling stations and an expansion of its solar capabilities should also complement existing operations.																						
At the moment, these neutrally ranked shares are an average selection for income generation. WGL's dividend yield is in line with the industry average. However, the issue was trading above our Target Price Range, suggesting little-to-no capital appreciation potential for the pull to 2018-2020.																						
Bryan J. Fong		December 4, 2015																				

(A) Fiscal years end Sept. 30th. (B) Based on diluted shares. Excludes non-recurring losses: '01, (13¢); '02, (34¢); '07, (4¢); '08, (14¢) discontinued operations; '06, (15¢). Qly. egs. may not sum to total, due to change in shares outstanding. Next earnings report due late Jan. (C) Dividends historically paid early February, May, August, and November. (D) Includes deferred charges and intangibles. '14: \$720.5 million, \$14.49/sh. (E) In millions.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	75

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**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Dr. James Vander Weide

- 76.** Refer to the Vander Weide Testimony, Exhibit_(JVW-1), Schedule 3.
- a. Confirm that the Schedule is intended to calculate a natural gas utility equity risk premium instead of an electric utility risk premium, as stated at the top of Schedule 3-1.
 - b. Refer to Schedule 3-5. Confirm that the DCF for the natural gas proxy group, as adjusted for flotation cost, is 10.07 percent as of November 2015.
 - c. Provide the DCF results for the natural gas proxy group with no flotation adjustment.
 - d. Provide updates to the Risk Premium table in Schedule 3 for the most current information available.

Response:

- a. The title of Schedule 3, "Comparison of DCF-Expected Return on an Equity Investment in Natural Gas Distribution Utilities to the Interest Rate on A-rated Utility Bonds," clearly indicates that Schedule 3 is intended to calculate a natural gas utility equity risk premium. Dr. Vander Weide confirms that the first sentence under the title inadvertently refers to an electric utility equity risk premium rather than a natural gas utility equity risk premium.
- b. This cannot be confirmed. Dr. Vander Weide's DCF model result for the natural gas proxy group is 10.1 percent, shown on Exhibit JVW-1, Schedule 2. By comparison, Exhibit JVW-1, Schedule 3, shows the inputs for Dr. Vander Weide's ex ante risk premium analysis. Although Schedule 3 displays a column labeled "DCF", the data displayed in that column for each month from June 1998 through November 2015 do not reflect Dr. Vander Weide's best estimate of the average DCF cost of equity in each month. As shown in Schedule 2, Dr. Vander Weide's DCF analysis of the cost of equity is based on three months of stock prices for each company in the proxy group. In contrast, the data displayed in the DCF column on Schedule 3 reflect a calculated DCF result for each month, based on prices for only that month, and each monthly data point is compared to the concurrent bond yield to produce a risk premium result for each month in the study period. The entire data set of risk premium results and corresponding bond yields is then used as the data inputs in a linear regression analysis of the relationship between risk premiums and interest rates in order to estimate the ex ante risk premium cost of equity.

- c. Please see Dr. Vander Weide's work papers provided in response to Item 77 of this same request for information.
- d. Schedule 3 to Dr. Vander Weide's direct testimony reflects data from 210 points in time beginning in June 1998 and ending in November 2015. In light of that large number of data points and the small number of months since November 2015, any update will not have a material impact on Dr. Vander Weide's analysis or conclusions. Therefore, the Company suggests that any such update be performed in connection with Dr. Vander Weide's rebuttal testimony in June 2016 rather than at this time.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Dr. James Vander Weide

77. Provide in Microsoft Excel format the spreadsheets that support the Vander Weide Testimony, as well as his responses to this request, where appropriate, with the underlying data and formulas intact.

Response:

Please see KAW_R_PSCDR2_NUM077_032416_Attachment.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Paul R. Herbert

- 78.** Refer to the Direct Testimony of Paul R. Herbert. Explain how the volumetric charge for each class of customer was determined.

Response:

Based on the results of the cost of service study, the amount of customer charge revenue under proposed rates was subtracted from each class' cost of service to determine the amount of volumetric revenue to be recovered. The volumetric rates were increased to a level that recovers the volumetric cost of service by class except for industrial and commercial. The Industrial class was limited to an increase of approximately 140% of the overall average increase or 21.9%, rather than a 35% increase that otherwise would have been required. The Commercial class, which was receiving a much lower increase, was further increased to make up the deficiency in the industrial rate.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Paul Herbert/Linda C. Bridwell/Dr. Edward Spitznagel**

- 79.** The Commission may not allow the proposed weather normalization adjustment. Provide a revised copy of page 46 of Exhibit 36 in KAWC's Application, in a hard copy form and in electronic Microsoft Excel format, showing the results on rates of the study without the adjustment for weather normalization.

Response:

See attached schedules which show the revised rate design without the adjustment for weather normalization.

KENTUCKY-AMERICAN WATER COMPANY
COMPARISON OF PRESENT AND PROPOSED RATES

Meter Charges, Per Month

<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
5/8	\$ 12.49	\$14.85
3/4	18.74	\$22.30
1	31.23	\$37.10
1-1/2	62.45	\$74.30
2	99.92	\$118.80
3	187.35	\$222.80
4	312.25	\$371.30
6	624.50	\$742.50
8	999.20	\$1,188.00

<u>Consumption Charges:</u>	<u>Per Thousand Gallons</u>		<u>Per CCF</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
Residential	\$ 5.3004	\$ 6.4160	\$ 3.9647	\$ 4.7992
Commercial	\$ 4.8280	\$ 5.5850	\$ 3.6113	\$ 4.1776
Industrial	\$ 3.8947	\$ 4.9220	\$ 2.9132	\$ 3.6817
Other Public Authority	\$ 4.2452	\$ 5.1950	\$ 3.1754	\$ 3.8859
Sales for Resale	\$ 4.2093	\$ 4.6350	\$ 3.1486	\$ 3.4670

Fire Protection:

<u>Private Fire Line Size</u>	<u>Present Rate Per Month</u>	<u>Proposed Rate Per Month</u>
2	\$ 8.92	\$9.37
4	35.90	\$37.70
6	80.74	\$84.78
8	143.54	\$150.72
10	224.34	\$235.56
12	323.50	\$339.68
14	439.89	\$461.88
16	574.42	\$603.14
Private Fire Hydrant	79.77	\$79.77
Public Fire Hydrant	\$ 41.60	\$48.00

KENTUCKY AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED AUGUST 31, 2017 - REVISED

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
	Residential	\$ 55,465,877	56.1%	\$ 46,141,664	55.4%	\$ 55,464,217	56.1%	\$ 9,322,553
Commercial	23,574,313	23.9%	20,554,345 (a)	24.7%	23,901,343 (a)	24.2%	3,346,998	16.3%
Industrial	3,542,421	3.5%	2,541,282	3.0%	3,201,884	3.2%	660,602	26.0%
Public Authority	7,194,655	7.3%	5,902,417	7.1%	7,194,272	7.3%	1,291,855	21.9%
Sales for Resale	1,959,321	2.0%	1,774,742	2.1%	1,960,933	2.0%	186,191	10.5%
Private Fire Service	2,419,939	2.5%	2,699,847	3.2%	2,780,586	2.8%	80,739	3.0%
Public Fire Service	<u>4,663,495</u>	<u>4.7%</u>	<u>3,740,506</u>	<u>4.5%</u>	<u>4,315,968</u>	<u>4.4%</u>	<u>575,462</u>	15.4%
Total Sales	98,820,021	<u>100.0%</u>	83,354,803	<u>100.0%</u>	98,819,203	<u>100.0%</u>	15,464,400	18.6%
Other Revenues	<u>2,839,675</u>		<u>2,839,675</u>		<u>2,839,675</u>		<u>-</u>	0.0%
Total	<u>\$ 101,659,696</u>		<u>\$ 86,194,478</u>		<u>\$ 101,658,878</u>		<u>\$ 15,464,400</u>	17.9%

(a) Includes Miscellaneous Water Sales.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

80. Refer to the Direct Testimony of Edward L. Spitznagel, Jr. Dr. Spitznagel has provided testimony in previous cases on behalf of KAWC. Provide a comparison between Dr. Spitznagel's forecast and the actual usage for each test period of each of the KAWC cases Dr. Spitznagel provided testimony for.

Response:

Please refer to the attached.

Response to Commission's Second Request for Information
Item 80

**Comparison of Actual Average daily Consumption
to
Average Daily Consumption in Previous Cases with Dr. Spitznagel In Gallons**

Year	Dr. Spitznagel's Testimony 1997-00034		Dr. Spitznagel's Testimony 2000-00120			Dr. Spitznagel's Testimony 2004-00103		Actual		
	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Avg Daily Consumption OPA	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Average Daily Consumption Residential	Average Daily Consumption Commercial	Average Daily Consumption Other Public Authority
1997	185.98	1,594.34						184.70	1,509.60	9,372.70
1998	184.48	1,594.34						189.10	1,542.00	9,292.40
1999	182.97	1,594.34						191.00	1,548.20	8,932.00
2000	181.47	1,594.34	184.73	1,553.43	3,817.00			180.40	1,493.40	10,928.90
2001			183.97	1,553.43	3,790.00			177.80	1,466.30	10,716.10
2002			183.20	1,553.43	3,762.00			181.40	1,459.70	8,724.80
2003			182.44	1,553.43	3,734.00			160.71	1,362.86	8,443.56
2004						168.36	1,404.33	158.80	1,340.17	7,730.19
2005						165.14	1,381.62	177.73	1,439.53	8,726.39
2006						161.85	1,360.22	169.79	1,388.90	8,011.29
2007						158.56	1,338.17	172.98	1,355.80	8,975.17
2008								165.11	1,295.75	9,112.82
2009								152.08	1,186.91	7,615.19
2010								157.35	1,271.38	8,312.48
2011								146.70	1,172.53	7,141.10
2012								150.11	1,219.66	7,527.10

Year	Dr. Spitznagel's Testimony 2007-00143		Dr. Spitznagel's Testimony 2008-00427		Dr. Spitznagel's Testimony 2010-00036		Actual		
	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Average Daily Consumption Residential	Average Daily Consumption Commercial	Average Daily Consumption Residential	Average Daily Consumption Commercial	Average Daily Consumption Other Public Authority
1997							184.70	1,509.60	9,372.70
1998							189.10	1,542.00	9,292.40
1999							191.00	1,548.20	8,932.00
2000							180.40	1,493.40	10,928.90
2001							177.80	1,466.30	10,716.10
2002							181.40	1,459.70	8,724.80
2003							160.71	1,362.86	8,443.56
2004							158.80	1,340.17	7,730.19
2005							177.73	1,439.53	8,726.39
2006							169.79	1,388.90	8,011.29
2007	164.76	1,416.96					172.98	1,355.80	8,975.17
2008	162.64	1,407.25	160.93	1,374.30			165.11	1,295.75	9,112.82
2009	160.63	1,398.30	158.59	1,356.21	159.55	1,233.97	152.08	1,186.91	7,615.19
2010	158.56	1,388.97	156.34	1,339.40	157.36	1,204.85	157.35	1,271.38	8,312.48
2011			154.05	1,321.96	155.17	1,175.74	146.70	1,172.53	7,141.10
2012					152.94	1,146.41	150.11	1,219.66	7,527.10

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness:

- 81.** Refer to the O'Neill Testimony. Mr. O'Neill stated that the proposed tap fees were determined using a three-year average and in previous cases the utility used a five-year average.

Response:

Please refer to Item 82 of this same request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Brent O'Neill

- 82.** Provide the amount the tap fees would be based on a five-year average. Provide all work papers and calculations and state all assumptions relied upon to determine the amount of the tap fees.

Response:

Based on a five-year average, the proposed tap fees would be:

3/4" x 5/8" meter	\$1,342 (increased from current fee \$1,078)
1" meter	\$2,363 (increased from current fee \$1,576)
2" meter	\$4,620 (increased from current fee \$3,563)

The methodology used is the same as was used in the determination of the three-year average that was proposed. The costs reflect the installation cost of the contractor that is used to install the services, KAWC oversight, and material pricing. Please refer to the attachment for the calculations.

Tap Fee Calculation Rate Case 2015-

Account 12002002 - 5/8" & 3/4" Meter Installations

Year	Yearly Total (Material, Labor, Etc.)	Number Installed	Average Cost
2014	\$221,309	444	\$498
2013	\$350,128	692	\$506
2012	\$526,180	839	\$627
2011	\$420,892	712	\$591
2010	\$595,761	827	\$720
2009	\$356,815	1,335	\$267
Total	\$1,373,468		

2009-2012	Average =	793	\$646
2012-2014	Average =	1,975	\$544
2010-2014	Average =	3,514	\$589

Account 12005002 - 3/4" Svc Installations ****Do not install**

Year	Yearly Total (Material, Labor, Etc.)	Number Installed	Average Cost	Total Cost
2014		0	\$0	\$498
2013		0	\$0	\$506
2012		0	\$0	\$627
2011		0	\$0	\$591
2010		0	\$0	\$720
2009		0	\$0	\$267
Total	\$0			

2009-2012	Average =	0	\$0	\$646
2012-2014	Average =	0	\$0	\$544
2010-2014	Average =	0	\$0	\$589

Account 12002102 - 1" Meter Installations

Year	Yearly Total (Material, Labor, Etc.)	Number Installed	Average Cost
2014	\$18,527	36	\$515
2013	\$15,039	28	\$537
2012	\$35,232	29	\$1,215
2011	\$34,392	32	\$1,075
2010	\$62,710	60	\$1,045
2009	\$47,902	64	\$748
Total	\$145,004		

2009-2012	Average =	40	\$1,112
2012-2014	Average =	31	\$756
2010-2014	Average =	37	\$877

Account 12005102 - 1" Service Installations

Year	Yearly Total (Material, Labor, Etc.)	Number Installed	Average Cost	Total Cost
2014	\$473,909	444	\$1,067	\$1,582
2013	\$751,469	719	\$1,045	\$1,582
2012	\$763,127	460	\$1,659	\$2,874
2011	\$539,599	435	\$1,240	\$2,315
2010	\$765,097	520	\$1,471	\$2,517
2009	\$1,160,243	837	\$1,386	\$2,135
Total	\$2,464,939			

2009-2012	Average =	472	\$1,457	\$2,569
2012-2014	Average =	541	\$1,257	\$2,013
2010-2014	Average =	516	\$1,297	\$2,174

Account 12002302 - 2" Meter Installations

Year	Yearly Total (Material, Labor, Etc.)	Number Installed	Average Cost
2014	\$17,632	35	\$840
2013	\$45,297	21	\$1,294
2012	\$57,354	23	\$2,494
2011	\$58,798	24	\$2,450
2010	\$64,954	24	\$2,706
2009	\$79,964	43	\$1,860
Total	\$185,534		

2009-2012	Average =	24	\$2,377
2012-2014	Average =	26	\$1,542
2010-2014	Average =	25	\$1,957

Account 12005302 - 2" Service Installations

Year	Yearly Total (Material, Labor, Etc.)	Number Installed	Average Cost	Total Cost
2014	\$50,084	21	\$2,385	\$3,225
2013	\$64,518	22	\$2,933	\$4,227
2012	\$38,719	24	\$1,613	\$4,107
2011	\$54,961	24	\$2,290	\$4,740
2010	\$50,609	24	\$2,109	\$4,815
2009	\$79,964	43	\$1,860	\$3,719
Total	\$203,716			

2009-2012	Average =	24	\$1,968	\$4,345
2012-2014	Average =	22	\$2,310	\$3,853
2010-2014	Average =	23	\$2,279	\$4,235

Residential Service Cost

	3/4" Service & Meter	Cost	3/4" Meter Dual	Cost	Total Residential Cost	1" Service for Duals x 2
2014	0	\$498	444	\$1,032	\$1,078	408 816
2013	0	\$506	692	\$1,029	\$1,063	691 1382
2012	0	\$627	839	\$1,457	\$1,395	431 862
2011	0	\$591	712	\$1,211	\$1,211	403 806
2010	0	\$720	827	\$1,456	\$1,456	460 920
2009	0	\$267	1,335	\$960	\$960	773 1,546
2009-2012		Average =			\$1,354	
2012-2014		Average =			\$1,178	
2010-2014		Average =			\$1,241	

3 Year Average

Tap fee:	3-yr avg Service	2014		Rate case # 2015-			
		Meter/MIU	Total	Proposed Tap Fee	Previous Tap Fee	Increase	% Diff
5/8" meter	\$1,178	\$102	\$1,280	\$1,280	\$1,078	\$202	18.76%
1" meter	\$2,013	\$189	\$2,201	\$2,201	\$1,516	\$685	45.21%
2" meter	\$3,853	\$385	\$4,238	\$4,238	\$3,563	\$675	18.93%

5 Year Average

Tap fee:	5-yr avg Service	2014		Rate case # 2015-			
		Meter/MIU	Total	Proposed Tap Fee	Previous Tap Fee	Increase	% Diff
5/8" meter	\$1,241	\$102	\$1,342	\$1,342	\$1,078	\$264	24.52%
1" meter	\$2,174	\$189	\$2,363	\$2,363	\$1,516	\$847	55.85%
2" meter	\$4,235	\$385	\$4,620	\$4,620	\$3,563	\$1,057	29.67%

					Rate case #			
Tap fee:	3-yr avg	2012			2012-00520	Increase	% Diff	
	Service	Meter/MIU	Total					
5/8 " meter	\$1,354	\$95	\$1,449	\$1,449	\$1,078	\$371	34.46%	
1" meter	\$2,569	\$177	\$2,745	\$2,745	\$1,516	\$1,229	81.08%	
2" meter	\$4,345	\$360	\$4,705	\$4,705	\$3,563	\$1,142	32.06%	
Prior Tap Fee					2010-00036	Increase	% Diff	
	3-yr avg	2009						
	Service	Meter/MIU	Total					
5/8 " meter	\$798	\$127	\$925	\$925	\$702	\$223	31.77%	
1" meter	\$1,558	\$170	\$1,728	\$1,728	\$1,287	\$441	34.27%	
2" meter	\$3,520	\$332	\$3,852	\$3,852	\$3,129	\$723	23.11%	
Prior Tap Fee					Rate case #	Increase	% Diff	
	3-yr avg	2008			2007-00143			
	Service	Meter/MIU	Total					
5/8 " meter	\$543	\$117	\$660	\$660	\$660	\$220	33.33%	
1" meter	\$1,101	\$154	\$1,255	\$1,255	\$1,255	\$490	39.04%	
2" meter	\$2,663	\$282	\$2,945	\$2,945	\$2,945	(\$230)	-7.81%	
Prior Tap fee:					2004-00103	Previous	Increase	% Diff
	3-yr avg	2004	Total					
	Service	Meter(only)						
5/8 " meter	\$465	\$45	\$510	\$510	\$440	\$70	15.91%	
1" meter	\$861	\$82	\$944	\$945	\$765	\$180	23.53%	
2" meter	\$3,945	\$299	\$4,244	\$4,250	\$3,175	\$1,075	33.86%	

2014 contract meter prices - Mueller Meter Company 5/8" Hersey Meter / Neptune Meter 1" and 2"

Size	Description	Meter Cost	MIU Cost	Subtotal	6% tax	total
5/8" meter	5/8 x 3/4 VOGA 19492 ED2F11R7F8S788 - 1 T-	54.00	42.00	96.00	5.76	101.76
1" meter	10 C/I 302 ED2J11R7F8S788 - 2 T-	110.58	67.42	178.00	10.68	188.68
2" meter	10 OVAL	295.58	67.42	363.00	21.78	384.78

2012 contract meter prices - Mueller Meter Company 5/8" Hersey Meter / Neptune Meter 1" and 2"

Size	Description	Meter Cost	MIU Cost	Subtotal	6% tax	total
5/8" meter	5/8 x 3/4 VOGA 19492 ED2F11R7F8S788 - 1 T-	48.00	42.00	90.00	5.40	95.40
1" meter	10 C/I 302 ED2J11R7F8S788 - 2 T-	99.16	67.42	166.58	9.99	176.57
2" meter	10 OVAL	272.02	67.42	339.44	20.37	359.81

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Brent O'Neill

- 83.** Provide all work papers and calculations and state all assumptions that show how the proposed tap fee was calculated.

Response:

Please refer to the response to Item 3 of the Commission Staff's First Request for Information, Tab-Tariff Filings pages 744-746 of the work papers provided with the original filing. The information included in the spreadsheet is obtained from the review of the costs associated with the installation of new meters and new services for each year represented.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Brent O'Neill

- 84.** Refer to the O'Neill Testimony.
- a. What is the life expectancy of cast iron pipe?
 - b. What length, by size and material, of water line installed between 1885 and 1940 has been replaced?
 - c. How were the water line replacements in question 84.b. above financed?
 - d. How much water line installed between 1885 and 1940 needs to be replaced:
 - (1) In 2016?
 - (2) Between 2016 and 2021?
 - e. Is the replacement of the water lines in Items 84.d.(1) and (2) above scheduled? How is it being financed?
 - f. How much of the water line installed between 1885 and 1940 can be scheduled for replacement over the next 25 years?
 - g. What are the length, size and material of line installed between 1945 and 1970?
 - h. How much of the line installed between 1945 and 1970 has to be replaced annually?
 - i. Explain how a line installed in 1945 is on average 80 years old?
 - j. How much of the line installed between 1970 and 2015 has to be replaced annually?
 - k. How much new water line (not replacement of existing lines) was constructed annually since 2010?
 - l. What is KAWC doing to inform its customers of the need to replace older lines?
 - m. If ordered to replace 20 miles of pipe annually, how much money will KAWC need?

Response:

- a. Based on information developed by American Water Works Association for the “Buried No Longer” report released in February 2012, the expected life is between 100 to 110 years depending on if the water main is unlined or lined.
- b. Based on a review of the available records the following table provides a listing of the amount of water line installed between 1885 and 1940 that has been replaced by size and material.

Calculated Replacement of Main Installed between 1885 and 1940				
Size (inches)	Material	Amount Installed between 1885 and 1940 (feet)	Amount Replaced (feet)	Amount Remaining in System (feet)
2	Cast Iron	23,527	0	23,527
4	Cast Iron	115,730	101,478	14,252
6	Cast Iron	358,496	205,689	15,2807
8	Cast Iron	90,460	54,226	36,234
10	Cast Iron	27,088	11,944	15,144
12	Cast Iron	11,338	0	11,338
16	Cast Iron	25,992	8,507	17,485
20	Cast Iron	9,402	979	8,423
Total		662,033	382,823	279,210

- c. The mains replaced above were financed through the Capital Investment Program.
- d. Based on a review of the available records:
1. If you were to replace all of the cast iron main that has reached the expected life of 100 years by 2016, one would need to replace 134,955 feet.
 2. Between 2016 and 2021 approximately 144,255 feet of the cast iron main would need to be replaced to replace all of the main installed between 1916 and 1940.
- e. Within the current Capital Investment Program approximately 8,400 feet of main installed during this period has been scheduled to be replaced. These projects would be financed the current mechanisms that KAW utilizes for its overall Capital Investment Program.
- f. Currently KAW spends approximately \$3 to \$4 million on main replacements annually. These main replacements are used to address water mains that are

underperforming. Mains that have experienced a high number of breaks, provide low pressure, provide low fire flows and have experienced high number of water quality complaints are typically addressed through these replacements. In order to address these concerns KAW replaces all type of material within this budget line. KAW would anticipated that approximately \$1.5 million of the annual spend could be solely diverted to replacing water main installed during 1885 and 1940. Based on this amount available, KAW would anticipate that over the next 25 years approximately 250,000 feet of main installed between 1885 and 1940 can be replaced.

- g. Following is the reported length of main installed between 1945 and 1970

REPORTED MAIN INSTALLED BETWEEN 1945 AND 1970									
Diameter (inches)	Cast Iron	Asbestos Cement	Concrete	Prestressed Concrete Pipe	Galvanized	PVC	Ductile Iron	Not Reported	Total (feet)
1	2,747				1,886	2,314			6,947
2	88,163	13,368			13,546	106,655	1,279		223,012
3	4,484	72,772			711	169,256	372	33,359	280,953
4	33,283	249,635	337		301	163,404	647	76,705	524,311
6	437,215	432,695	31	1,206		103,318	94,742	17,220	1,086,428
8	694,256	147,629	200			155,377	85,146	3,413	1,086,020
10	514	3,138							3,653
12	174,479	34,642	99				25,025		234,244
16	9,604		27,632	1,489			35,571		74,295
20	24		13,751				5,980		19,755
24	716		24,832	11,672			14,511		51,731
30			10,345				60,324		70,669
Total	1,445,485	953,879	77,225	14,367	16,445	700,324	323,596	130,698	3,662,019

- h. At this time KAW does not keep direct records on the replacement of main from a certain vintage periods. As mentioned in part f. above, KAW main replacement projects are to address underperforming water mains. Mains that have experienced a high number of breaks, provide low pressure, provide low fire flows and have experienced high number of water quality complaints are typically addressed through these replacements. During 2016 and 2017, KAW will replace approximately 21,970 feet of main that was installed during 1945 and 1970.
- i. A main installed in 1945 will have been in use for about 70 years as we enter 2016. With regard to page 20 of O'Neill's Direct Testimony, the 80 years referred to for the period following World War II should have made a reference that during the next 20 years the main installed during this period will be reaching an average life of 80 years. The period of the next 20 years would be during the end of the proposed accelerated replacement of cast iron main.
- j. Similar to the answer to 84 h., KAW does not keep direct records on the replacement of main from a certain vintage period. KAW would only replace mains that were installed during the period if they were underperforming.

- k. KAW has installed an average of 36,415 feet of new main per year for the period of 2010 to 2015. This main is installed to support the growth of the community or to reinforce the distribution system by placing main that allows for interconnections between existing main. More specifically, KAW has installed the following amount of main for each year since 2015:

2010	43,567 feet of new main
2011	36,140 feet of new main
2012	14,516 feet of new main
2013	27,587 feet of new main
2014	33,547 feet of new main
2015	26,718 feet of new main

Please note that the above numbers do not include the 83,727 feet of new main that was installed with the Northern Connection Project that was placed in service during 2014.

- l. Kentucky American Water provides information to customers about the need to replace older lines through a variety of methods, including through media relations, meetings with customers in areas where work will be conducted, social media and website postings, the company's annual WaterFest community open house, the Company's Water Wise Academy, meetings with larger-use customers, and publications such as bill inserts. The Company has also taken steps to educate public officials about the need for ongoing infrastructure renewal through one-on-one meetings, the hosting of a water infrastructure summit and through its Water Works newsletter.
- m. KAW would anticipate that it would cost approximately \$15.8 million to replace 20 miles of pipe annually. The availability of contractors to be able to install this amount of replacement main along with ensuring the new main continues to support the growth of the community could affect the per foot cost of main.