

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Scott W. Rungren**

- 26.**      Reference the testimony and schedules of Mr. Scott W. Rungren to answer the following questions:
- a.      Provide a copy of Mr. Rungren's testimony in Microsoft Word.
  - b.      Provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony of Mr. Rungren.
  - c.      With respect to Exhibit SWR-1 and Exhibit 37, Schedules J-1 thru J-5, provide (1) all data, work papers, and copies of source documents used in the development of the capitalization amounts (13 Month Average Amounts, and Add adjustments and Adjusted Capital), (2) all data, work papers, assumptions, and calculations used to determine the costs and interest rates for pro forma financings, and other data used to determine the cost rates for short-term debt, long-term debt, and preferred stock; and (3) an electronic version (Microsoft Excel) of Exhibit 37, and Schedules J-1 – J-5 and work papers used to determine the 13-month capitalization amounts and capital costs, with all data and equations left intact.
  - d.      With respect to Exhibits SWR-2, provide (1) all data, work papers, assumptions, and calculations associated with the short-term interest rates projections; and (2) an electronic version (Microsoft Excel) of Exhibits SWR and work papers used to determine the short-term interest rate projections, with all data and equations left intact.

**Response:**

- a.      The Word file will be provided by e-mail from KAW counsel as the Commission's uploading process does not accept Word documents.
- b.      Please see the attachments.
- c.      Please see KAW\_R\_AGDR1\_NUM026\_032416\_Attachment 1.
- d.      Please see KAW\_R\_AGDR1\_NUM026\_032416\_Attachment 2. Bloomberg screen shots showing nine of the monthly interest rate projections are included in the Excel file.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT PETITION OF KENTUCKY-AMERICAN )  
WATER COMPANY, THAMES WATER AQUA )  
HOLDINGS GMBH, RWE AKTIENGESELLSCHAFT, )  
THAMES WATER AQUA US HOLDINGS, INC., ) CASE NO. 2006-00197  
AND AMERICAN WATER WORKS COMPANY, INC. )  
FOR APPROVAL OF A CHANGE IN CONTROL OF )  
KENTUCKY-AMERICAN WATER COMPANY )

TABLE OF CONTENTS

PROCEDURE .....	1
PROPOSED TRANSACTION: AN OVERVIEW .....	3
STANDARD OF REVIEW .....	6
ACQUIRING PARTIES' ABILITY TO PROVIDE REASONABLE UTILITY SERVICE .....	9
PUBLIC INTEREST ANALYSIS .....	12
CONDITIONS TO APPROVAL OF PROPOSED TRANSACTION.....	19
Service Quality .....	19
Transaction Costs.....	21
Local Control/Local Concerns.....	21
Sarbanes-Oxley Act of 2002 Compliance Costs.....	22
Increased Capital Costs .....	23
Capital Contribution .....	24
Avoiding Unauthorized Acquisitions of Control.....	27
Most Favored Nations Clause .....	27
Intervenor Proposed Conditions .....	28

MONITORING THE PROPOSED TRANSACTION ..... 30

RELEASE OF RWE AND THAMES GmbH FROM PRIOR CONDITIONS ..... 31

SUMMARY ..... 31

APPENDIX A

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT PETITION OF KENTUCKY-AMERICAN	)	
WATER COMPANY, THAMES WATER AQUA	)	
HOLDINGS GMBH, RWE AKTIENGESELLSCHAFT,	)	
THAMES WATER AQUA US HOLDINGS, INC.,	)	CASE NO. 2006-00197
AND AMERICAN WATER WORKS COMPANY, INC.	)	
FOR APPROVAL OF A CHANGE IN CONTROL OF	)	
KENTUCKY-AMERICAN WATER COMPANY	)	

O R D E R

Joint Petitioners<sup>1</sup> have applied to the Commission for approval of Thames Water Aqua Holdings GmbH's ("Thames GmbH") sale of the common stock of American Water Works Company ("AWWC") to the public. The proposed transaction will effectively transfer indirect control of Kentucky-American Water Company ("Kentucky-American") from its current owner to unknown persons. At issue is whether the proposed transaction meets the requirements of KRS 278.020(5). Finding that, with the imposition of conditions to protect the public interest, the proposed transaction meets these requirements, the Commission approves the proposed transfer subject to certain conditions.

PROCEDURE

On May 10, 2006, Joint Petitioners advised the Commission of their intent to apply for Commission approval of Thames GmbH's sale of its common stock of AWWC

---

<sup>1</sup> The "Joint Petitioners" are: Kentucky-American Water Company; American Water Works Company; Thames Water Aqua US Holdings, Inc.; Thames Water Aqua Holdings GmbH; and RWE Aktiengesellschaft.



and the merger of Thames Water Aqua US Holdings, Inc. (“TWAUSHI”) with AWWC. On May 11, 2006, the Commission established a docket to review the proposed transaction and further established procedures for the electronic filing of documents and pleadings in this docket. On June 5, 2006, Joint Petitioners filed their application.

On June 19, 2006, the Commission established a procedural schedule for this docket and directed the submission of memoranda upon the applicability of KRS 278.020(5) and (6) to the proposed transaction. On August 14, 2006, after all parties had submitted written memoranda, the Commission held that only KRS 278.020(5) was applicable to the proposed transaction.

The following parties have been granted leave to intervene in this proceeding: Attorney General’s Office of Rate Intervention (“AG”) and Lexington-Fayette Urban County Government (“LFUCG”).

Following extensive discovery by the parties in this matter, the Commission held a public hearing on August 16, 2006, at its offices in Frankfort, Kentucky. Testifying at this hearing were: Nick O. Rowe, president of Kentucky-American; Jens Gemmecke, Senior Project Manager in the RWE Mergers and Acquisitions Department; John S. Young, Jr., Chief Operations Officer, AWWC; Ellen C. Wolf, AWWC Senior Vice President and Chief Financial Officer; Michael A. Miller, Kentucky-American Treasurer/Comptroller; J. Randall Woolridge, consultant; and Scott J. Rubin, attorney and consultant.<sup>2</sup> Following the hearing, all parties submitted written briefs.

---

<sup>2</sup> Although the Commission provided an opportunity for public comment at this hearing, no members of the public appeared and presented comments.

### THE PROPOSED TRANSACTION: AN OVERVIEW

Kentucky-American, a Kentucky corporation, owns and operates facilities that are used in the distribution of water to the public in Bourbon, Clark, Fayette, Gallatin, Grant, Harrison, Jessamine, Owen, Scott and Woodford counties. It also owns and operates facilities for the collection and treatment of sewage for the public in Clark and Owen counties. It is a utility subject to Commission jurisdiction and regulation.<sup>3</sup>

AWWC, a Delaware corporation, and its operating subsidiaries employ approximately 6,000 persons and provide water, wastewater and other water resource management services to approximately 18 million persons in 29 states and Canada. From 1947 until 2003, it was one of the largest publicly-traded water companies in the United States and was listed on the New York Stock Exchange. It currently owns all outstanding shares of Kentucky-American stock. It neither conducts nor is authorized to conduct business within the Commonwealth.

TWAUSHI, a Delaware corporation, is AWWC's direct parent company. It neither conducts nor is authorized to conduct business within the Commonwealth. It owns subsidiaries that provide water, wastewater services and other water resource management services to approximately 18 million customers in 29 states and Canada.

Thames GmbH is a foreign corporation that is organized and exists under the laws of the Federal Republic of Germany. It is a wholly-owned subsidiary of RWE Aktiengesellschaft ("RWE") and is the holding company for most of RWE's water operations throughout the world. Thames GmbH owns all of the outstanding stock of

---

<sup>3</sup> KRS 278.010(3)(d) and (3)(e); KRS 278.040(1).

TWAUSHI. It neither conducts nor is authorized to conduct business within the Commonwealth.

In February 2003, after obtaining Commission approval, RWE and Thames GmbH acquired AWWC's outstanding stock and effectively obtained control of Kentucky-American and all of AWWC's other operating companies. Two years after acquiring AWWC and its operating subsidiaries, however, RWE chose to focus upon its electric and natural gas operations and to divest itself of its water operations. One of AWWC's witnesses testified as to RWE's reasoning:

RWE has revised its core business focus to be on the European power and energy markets, where historically its roots lie. In the last two years, in order to become a more market-oriented and focused company, RWE had already divested non-core activities such as its environmental business. In order to maintain its position among Europe's leading integrated electricity and gas companies, in response to fierce competition, growing customer needs, and rising costs both for energy production facilities and many other energy production inputs, RWE is forced to concentrate on its power and energy markets. As a result of these developments, RWE's ability to maintain its competitiveness in its core European businesses is proving far more capital intensive than RWE could have predicted when it acquired American Water. Consequently, RWE decided that it intends to sell the water operations of Thames Water in the U.K. and to return American Water to its status as a U.S. publicly-traded company. The Proposed Transaction will allow RWE to focus on its core businesses in its home region . . . .<sup>4</sup>

RWE's planned divestiture of its North American water operations involves two steps. First, TWAUSHI will merge with and into AWWC. AWWC will be the surviving corporation. This merger will consolidate all of RWE's water-related assets in the

---

<sup>4</sup> Direct Testimony of Ellen C. Wolf at 10.

United States into one entity.<sup>5</sup> Thereafter, Thames GmbH will sell up to 100 percent of the common stock of AWWC. These shares will be sold through one or more public offerings to a broad group of investors, including institutional and retail investors. If less than 100 percent of the AWWC stock is sold in the initial offering, then subsequent public offerings of AWWC stock will be conducted. The identities of the stock purchasers will not be known until the public offerings are complete.

An initial step in the proposed transaction is the preparation and filing of a registration statement with the U.S. Securities and Exchange Commission (“SEC”). This statement will contain AWWC’s “audited financial statements, descriptions of its business, financial performance, management and risk factors that investors may consider in deciding to buy the shares.”<sup>6</sup> This statement will also set forth the principal risks in investing in AWWC. The SEC will review and comment upon this statement. AWWC must address these comments with amendments to the initial registration statement.

Upon submission of a registration statement that is acceptable to the SEC, AWWC, Thames GmbH, and the underwriters will market the stock issuance. Once this marketing process is completed, AWWC will request the SEC to declare the registration statement effective. The underwriters and Thames GmbH will then agree upon a price per share at which the shares will be sold to the public.

When the public sale occurs, Thames will sell its shares of AWWC stock to the underwriters who will then resell these shares to the subscribed purchasers. Both sales

---

<sup>5</sup> Joint Petition at ¶ 16.

<sup>6</sup> Direct Testimony of Ellen C. Wolf at 7.

should occur within the same day. The closing of the stock offering will occur at the settlement of purchases, which is expected to occur within 3 or 4 days of the pricing. At settlement, shares are transferred directly to the investors. On the date of closing, AWWC's stock will begin regular trading on the New York Stock Exchange.

The proposed transaction will have no immediate or direct effect upon Kentucky-American. None of its stock or debt is involved. No change in Kentucky-American's financial or management structure will occur.<sup>7</sup> As AWWC owns all of Kentucky-American's outstanding common stock, however, the initial public offering ("IPO") of AWWC stock will effectively transfer control of Kentucky-American when the IPO is completed.

#### STANDARD OF REVIEW

KRS 278.020 requires Commission review and approval of any change in or transfer of control of a utility. KRS 278.020(5) provides:

No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.

KRS 278.020(6) provides in part:

No individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity ("an acquirer"), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission. Any acquisition of control without prior

---

<sup>7</sup> Joint Petitioners' Post-Hearing Brief at 13; Direct Testimony of Nick O. Rowe at 4-5.

authorization shall be void and of no effect. . . . The commission shall approve any proposed acquisition when it finds that the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest.

Subsections 5 and 6 are not dependent. Subsection 5 represents the codification of the holding of Public Service Commission v. Cities of Southgate, Highland Heights, 268 S.W.2d 19, 21 (Ky. 1954),<sup>8</sup> and addresses the transfer of ownership or control of a utility. Subsection 6 focuses more narrowly on the “acquisition of control” of a utility. While a transaction that results in a transfer of control may trigger both subsections, it does not necessarily do so.

The proposed transaction will result in a transfer of control, but as presently described will not result in an “acquisition of control” for purposes of KRS 278.020(6).<sup>9</sup> Upon its completion, RWE, the entity that currently controls AWWC and Kentucky-American, will no longer control either entity. As the proposed transaction results in the transfer of RWE’s ability to control AWWC and Kentucky-American, Subsection 5 is applicable. As there is no evidence that at the proposed transaction’s completion any entity will possess a sufficient quantity of AWWC stock to control AWWC, and thereby Kentucky-American, Subsection 6 is not applicable at this time.

---

<sup>8</sup> See also Public Service Commission v. City of Paris, 299 S.W.2d 811 (Ky. 1957); South Central Rural Tel. Co-op. Corp. v. Public Service Commission of Ky., 453 S.W.2d 257 (Ky. 1970).

<sup>9</sup> Control shall be presumed to exist if any individual or entity, directly or indirectly, owns ten percent (10%) or more of the voting securities of the utility. This presumption may be rebutted by a showing that ownership does not in fact confer control. . . .

KRS 278.020(6).

While Subsection 6 is not applicable, the Commission's review in this case is not limited merely to the examination of the acquirer's financial, technical, and managerial abilities to provide utility service. As Kentucky's highest court noted in Southgate, the Commission has always possessed the implied power to review and hear evidence on utility transfers, including the authority to examine the effects of the proposed transfer on the adequacy of utility service, to determine if the proposed transfer is in the public interest, and to impose conditions upon the proposed transfer to ensure that it will not adversely affect utility service.<sup>10</sup> KRS 278.020(5) codified this implied power.<sup>11</sup>

In reviewing Joint Petitioners' application, the Commission must first determine if the persons who are acquiring control of Kentucky-American have the requisite abilities to provide reasonable utility service. Next, we must determine whether the proposed transfer is consistent with the "public interest."

The Commission has previously held that a proposed transfer is in the public interest if it will not adversely affect the existing level of utility service or rates or that any potentially adverse effects can be avoided through the Commission's imposition of

---

<sup>10</sup> Southgate at 21 ("[W]here an existing utility proposes to sell its system, the [C]ommission, in order to carry out its responsibility, must have the opportunity to determine whether the purchaser is ready, willing and able to continue providing adequate service."). See, e.g., Blue Grass State Tel. Co. v. Public Service Commission, 382 S.W.2d. 81, 82 (Ky. 1964) ("The sole issue for [the Commission] to decide was whether the operation of this system by Blue Grass was in the public interest.")

<sup>11</sup> See also KRS 278.280 (permitting the Commission to determine and fix the just, proper, adequate, reasonable or sufficient practices, services and methods to ensure the proper delivery of utility service).

reasonable conditions on the acquiring party.<sup>12</sup> The Commission has further required a showing that the proposed transfer is likely to benefit the public through improved service quality, enhanced service reliability, the availability of additional services, lower rates, or a reduction in utility expenses to provide present services.<sup>13</sup> Such benefits, however, need not be immediate or readily quantifiable.<sup>14</sup>

ACQUIRING PARTIES' ABILITY TO PROVIDE  
REASONABLE UTILITY SERVICE

Joint Petitioners argue that, upon completion of the proposed transaction, no material changes will occur in Kentucky-American's operation and that the provision of service will be unaffected. They note that after the IPO, Kentucky-American will continue to operate with its current employees and will continue to contract with American Water Works Service Company ("AWWSC") for additional services. Kentucky-American currently employs directly or through AWWSC an experienced engineering staff that has been nationally recognized.<sup>15</sup>

They further note that AWWC will remain a source of equity capital for Kentucky-American and that Kentucky-American will continue to be able to access the debt

---

<sup>12</sup> Case No. 2002-00018, Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE Aktiengesellschaft and Thames Water Aqua Holdings GmbH (Ky. PSC May 30, 2002) at 7.

<sup>13</sup> Case No. 2002-00317, The Joint Petition of Kentucky-American Water Company, Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., Apollo Acquisition Company and American Water Works Company, Inc. for Approval of a Change of Control of Kentucky-American Water Company (Ky. PSC Dec. 20, 2002) at 10.

<sup>14</sup> See, e.g., Case No. 2000-00129, Joint Application of NiSource, Inc., New NiSource, Inc., Columbia Energy Group, and Columbia Gas of Kentucky for Approval of a Merger (Ky. PSC June 30, 2000).

<sup>15</sup> Direct Testimony of Nick O. Rowe at 4-6.



market through American Water Capital Company (“AWCC”). Acting as the financing arm of AWWC since 2000,<sup>16</sup> AWCC borrows money for AWWC and its operating subsidiaries and then loans those monies to the operating subsidiaries at cost. This arrangement enables each operating subsidiary to share any benefits from a greater economy of scale.

Finally, Joint Petitioners assert that the management that is currently operating Kentucky-American will continue to remain in place after the IPO of AWWC stock. They further note that upon completion of the IPO, a majority of AWWC’s directors, and all members of the audit, compensation and nominating committees of AWWC’s board of directors will be independent directors.<sup>17</sup> “The seasoned management team at American Water will continue to have the background necessary to run a large, publicly traded water company.”<sup>18</sup>

LFUCG argues that, as the identity of those persons acquiring AWWC stock through the IPO is currently unknown, the record is devoid of any evidence of their ability to provide reasonable utility service.<sup>19</sup> Given that the Commission lacks any ability to assess and determine an unknown entity’s ability to provide reasonable utility service, LFUCG argues, the General Assembly through its enactment of KRS

---

<sup>16</sup> See Case No. 2000-00189, The Application of Kentucky-American Water Company for Approval for Participation in Borrowing Program (Ky. PSC July 21, 2000).

<sup>17</sup> Direct Testimony of Ellen C. Wolf at 18.

<sup>18</sup> Joint Petitioners’ Post-Hearing Brief at 13.

<sup>19</sup> Although he devotes little attention to it, the AG also makes this argument. See Office of Attorney General Post-Hearing Brief at 4 (“Given the identification of any actual owner that will succeed RWE, there is no basis in the record for the premise that the new owners will supply any financial, technical, or managerial expertise.”)

278.020(5) clearly intended to prohibit the use of IPOs of stock to transfer ownership or control of a utility.<sup>20</sup> Accordingly, it argues, Joint Petitioners' application should be denied or, in the alternative, be held in abeyance until such time as AWWC files its registration statement with the SEC.

The plain language of KRS 278.020(5) does not support LFUCG's position. The statute addresses transfers of control or ownership "by sale of assets, transfer of stock, **or otherwise**, [emphasis added] . . . ." The use of the phrase "or otherwise" suggests an intent on the General Assembly's part to include all means of transfer of ownership or control. The statute does not exclude IPOs.<sup>21</sup>

The Commission acknowledges that lack of the acquiring party's identity renders any determination of that party's abilities more difficult and less reliable. The proposed transaction, however, assumes the issuance of stock to a broad range of the public and does not envision any of the purchasing parties acquiring sufficient stock to direct the utility's management and activities. As a practical matter, these purchasers are acquiring the stock as a passive investment and will rely upon the management already

---

<sup>20</sup> LFUCG's Brief at 8-9. See also LFUCG's Memorandum in Response to the Commission's June 19, 2006 Order at 3.

<sup>21</sup> We find no support for LFUCG's assertion that the acquiring party must personally demonstrate its ability to provide reasonable service. LFUCG's Brief at 9 ("The express language of this statute is that the **acquirer** (and not AWW, for instance) **must demonstrate the abilities** that the Kentucky legislature has determined are required for such a transfer of ownership [emphasis added].") KRS 278.020(5) merely requires the Commission to determine if the acquirer has such abilities and, if it does, to approve the transfer. See also Case No. 2002-00018, Order of May 30, 2002 at 11 (holding that KRS 278.020 "does not expressly require that a transferor or acquirer apply for Commission approval nor does it prohibit a corporate subsidiary from doing so on behalf of a corporate parent").

in place to operate the utility. Should this change and one or more investors seek to acquire “control” of AWWC, the requirements of KRS 278.020(6) would be triggered.

The Commission finds that an accurate assessment of the acquiring parties’ ability to provide utility service can be made through an examination of the abilities of the management that is currently in place and will remain in place after the transaction is completed.<sup>22</sup> Based upon this examination, the Commission finds that, the acquiring parties using the current management of AWWC and Kentucky-American, will have the requisite abilities to provide reasonable utility service.

### PUBLIC INTEREST ANALYSIS

Joint Petitioners argue that the proposed transaction will result in several benefits for Kentucky-American’s ratepayers and the public at large. First, they point to AWWC’s enhanced access to public debt and equity capital markets in the United States. They note that RWE currently does not have access to such markets. This access, they further note, “is a significant benefit when compared to what . . . [AWWC] could face if it were forced to remain a fourth tier subsidiary of a foreign corporation which has refocused its core business on the European energy market” and subject to “increased competition for scarce capital funds which would increase constraints on the availability of capital for discretionary purposes.”<sup>23</sup>

---

<sup>22</sup> An acquirer’s reliance upon existing management is not unusual and has previously served as the basis for a determination of the acquiring party’s ability to provide utility service. See, e.g., Case No. 2005-00433, The Joint Application of Nuon Global Solutions USA, BV, Nuon Global Solutions USA, Inc., AIG Highstar Capital II, LP, Hydro Star, LLC, Utilities, Inc. and Water Service Corporation of Kentucky for Approval of an Indirect Change in Control of a Certain Kentucky Utility Pursuant to the Provisions of KRS 278.020(5) and (6) and 807 KAR 5:001, Section 8 (Ky. PSC Mar. 8, 2006).

<sup>23</sup> Joint Petitioners’ Post-Hearing Brief at 16.

Second, Joint Petitioners note that, upon completion of the transaction, AWWC will be “subject to the SEC laws and regulations, including the Sarbanes-Oxley legislation, and the rules of the stock exchange on which it is traded.”<sup>24</sup> They further note that RWE is not currently subject to these laws. Joint Petitioners suggest that the application of these laws will create investor confidence in AWWC and will better enable it to attract capital at reasonable rates.

Third, Joint Petitioners assert that the proposed transaction will enable Kentucky-American customers and Kentucky-American employees to invest in AWWC and thus have an ownership interest in their water supplier or employer. Kentucky-American officials testified that employee ownership of AWWC stock would strengthen employee-employer relations and potentially improve employee productivity.<sup>25</sup>

Joint Petitioners assert that there are no known potential adverse effects on Kentucky-American from the proposed transaction.<sup>26</sup> They note that none of the proposed transaction costs will be recovered from Kentucky-American ratepayers;<sup>27</sup> that Kentucky-American will continue to honor its collective bargaining agreements;<sup>28</sup> that Kentucky-American’s rates, operating policies, and current investment and capital programs will not change;<sup>29</sup> and that Kentucky-American will continue its contributions

---

<sup>24</sup> Id.

<sup>25</sup> Joint Petition at ¶ 23.

<sup>26</sup> Direct Testimony of Nick O. Rowe at 8.

<sup>27</sup> Joint Petition at ¶ 46.

<sup>28</sup> Direct Testimony of Nick O. Rowe at 8.

<sup>29</sup> Id.

and commitment to local communities.<sup>30</sup> They expect no adverse change in either AWWC or Kentucky-American's cost of capital.<sup>31</sup>

The AG and LFUCG do not share this view. They find no significant benefits resulting from the proposed transaction. LFUCG argues that the proposed transaction will eliminate all purported benefits from RWE's acquisition of AWWC, which included access to Thames GmbH resources and expertise, a sharing of Thames GmbH's best operating practices, and greater availability to technical resources, capital markets, and Thames GmbH's research and development programs.<sup>32</sup>

The AG argues that the proposed transaction will increase AWWC's capital costs. He notes 3 factors in support of his position: (1) Standard and Poor's downgrading its rating of AWWC's debt to A- after the announcement of the proposed transaction; (2) AWWC's need to refinance \$2.65 billion of existing debt that RWE currently holds; and (3) the effective conversion of \$1.75 billion of AWWC preferred stock, which RWE holds, to common equity.<sup>33</sup>

The AG further argues that the proposed transaction will expose AWWC to significant auditing and reporting costs associated with the Sarbanes-Oxley Act of 2002.<sup>34</sup> Upon completion of the proposed transaction, AWWC will be a publicly traded corporation and will be subject to the requirements of the Sarbanes-Oxley Act.

---

<sup>30</sup> Id.

<sup>31</sup> Direct Testimony of Ellen C. Wolf at 17.

<sup>32</sup> LFUCG's Brief at 12-13.

<sup>33</sup> Direct Testimony of J. Randall Woolridge at 12.

<sup>34</sup> Pub.L. No. 107-204, 116 Stat. 745.

Although AWWC estimates these costs at one million dollars annually after the first year following the proposed transaction, the AG asserts that the financial cost of compliance will be much greater. These costs, the AG suggests, will be pushed down to Kentucky-American and its ratepayers.

The AG expresses great concern that the AWWC which RWE and Thames GmbH leave behind will be a significantly weakened entity that faces major financial challenges. He notes that AWWC's pension fund and other post-employment benefit plans are currently underfunded by \$277 million and \$177 million respectively.<sup>35</sup> As compared to an industry average of 90 percent, AWWC's funding ratio was only 60 percent. Under a recently enacted federal law,<sup>36</sup> this funding shortfall must be corrected by 2015. The AG asserts that such a shortfall can only be corrected through higher rates or delay of needed capital and maintenance expenditures.

In addition to addressing its pension fund shortages, AWWC will need to maintain a high level of capital expenditure spending to upgrade and maintain its existing utility plant to meet present and expected regulatory standards. The AG notes that AWWC expects capital expenditures for maintenance to increase at a rate of 15 percent annually from 2011 through 2020. He further notes that AWWC's capital expenditure averaged close to \$500 million over the past 3 years and its capital spending is expected to markedly increase in the next 5 years.<sup>37</sup>

---

<sup>35</sup> Direct Testimony of Scott J. Rubin at 12.

<sup>36</sup> Pension Protection Act of 2006, Pub. L. No. 109-280, 120 Stat. 780.

<sup>37</sup> Direct Testimony of Scott J. Rubin at 10-12.

Based upon our review of the record, we find few benefits from the proposed transaction that will accrue to Kentucky-American ratepayers. We agree with the AG and LFUCG that the proposed transaction will eliminate virtually all benefits that were to have resulted from RWE's acquisition of AWWC. It will eliminate Kentucky-American's access to world capital markets through Thames GmbH and RWE.<sup>38</sup> It will end Kentucky-American's ability to draw upon Thames GmbH's research and development programs and its resources and expertise, including those in the critical area of infrastructure security.<sup>39</sup>

While the proposed transaction provides some benefits, these are of limited value. Any benefit resulting from AWWC's access to public debt and equity capital markets in the United States occurs at the expense of AWWC's access to foreign debt and equity capital markets. Joint Petitioners, moreover, have failed to provide

---

<sup>38</sup> The result is likely to be higher capital costs. See Case No. 2002-00018, Petitioners' Post-Hearing Brief at 19-20 (citations omitted) ("[S]ince RWE's bond ratings are higher than American's, capital will be available at a cost lower than American's cost. No longer confined to domestic markets, Kentucky-American will have access to capital markets from around the world. This expansion of financial sources should bring down Kentucky-American's cost of capital and position the Company to both grow and enhance services.").

<sup>39</sup> In his direct testimony, Mr. Rowe insists that Kentucky-American has benefited greatly from its current relationship with Thames GmbH and that these benefits will remain with the utility. Direct Testimony of Nick O. Rowe at 8-9. While nothing in the record indicates that these benefits will disappear, the transfer of ideas, practices, and experiences between AWWC and Thames GmbH will cease. In Case No. 2002-00018, Kentucky-American asserted that this constant sharing of ideas would provide future benefits long after the transaction had been consummated. See Case No. 2002-00018, Joint Applicants' Response to Attorney General's Initial Requests for Information, Item 118 ("Through the potential exchange of personnel and information that will result from the merger, the management of KAWC will have access to this increased breadth of experience. Over time, this exchange of information will result in more rapid application of new methods and technologies to KAWC than KAWC would be able to effect without the transaction.")

convincing evidence that access to domestic public debt and equity capital markets will result in lower capital costs.

We find very limited value in the ability of Kentucky-American customers and employees to invest in AWWC. While such ability may have a positive effect on the utility's relations with labor and the public, the record is devoid of any specific evidence that it will produce greater employee productivity, reduce management-labor disputes, or otherwise benefit the public or Kentucky-American's ratepayers who do not choose to invest in AWWC.

The Commission recognizes that enhanced regulatory review and scrutiny of AWWC results from the proposed transaction. The SEC will again exercise regulatory oversight of certain aspects of AWWC's operations. Moreover, the reporting requirements of federal securities laws and SEC regulations provide greater and timelier access to information about AWWC's operations to this Commission and the general public. For Kentucky-American ratepayers, the benefit of such requirements is much less significant. As this Commission and other state utility regulatory commissions have imposed significant reporting requirements as a condition to RWE's acquisition of AWWC, most of the relevant information necessary for review and supervision of AWWC's regulated subsidiaries and AWWC's interactions with those subsidiaries is already available.<sup>40</sup>

---

<sup>40</sup> Joint Petitioners contend that the applicability of the Sarbanes-Oxley Act and the regulations of the New York Stock Exchange will enable AWWC to attract capital at reasonable rates. While the Commission does not dispute this assertion, we find no compelling evidence on this point. Moreover, while the overall effect of the Sarbanes-Oxley Act on domestic public debt and equity capital markets may be a reduction in the cost of capital, it is unclear whether this reduction would produce a lower cost of capital for AWWC than remaining as a subsidiary of RWE.



The most compelling benefit from the proposed transaction is AWWC's removal from a large, multi-national entity that has operations in several different business sectors and is no longer interested in the water industry. RWE has clearly chosen to focus its resources and attention upon the European energy market. If Kentucky-American and AWWC were to remain in such an organization, their capital and resource requirements would likely be given lower priority than those sectors upon which RWE has chosen to focus.<sup>41</sup> At a minimum, Kentucky-American would be less likely to improve the quality of its service and meet the growing demand for water. At worst, it might experience deterioration in the quality of its service and lack the resources to make important infrastructure replacements. With AWWC as an independent entity, Kentucky-American would be much better positioned to address its capital requirements and to take the necessary actions to maintain and improve the quality of its service.

The record indicates that, upon completion of the proposed transaction, AWWC will face significant capital expenditures to replace and improve the infrastructure of its regulated subsidiaries. It also apparently faces a significant shortfall in its pension funding. Concurrent with the proposed transaction, it must refinance its existing debt as RWE and Thames GmbH divest themselves of any interest in AWWC. Prior to completion of the proposed transaction, AWWC will undergo significant management changes as the composition of its Board of Directors changes with the addition of several independent members.<sup>42</sup> Accordingly, we find that, in light of the lack of any significant benefit that the proposed transaction will bring to Kentucky-American

---

<sup>41</sup> The AG and LFUCG share this view. See, e.g., Direct Testimony of Scott J. Rubin at 21; LFUCG Brief at 19.

<sup>42</sup> Joint Petitioners' Post-Hearing Brief at 4.

ratepayers and the significant risk and uncertainty that it will create, the proposed transaction is in the public interest only under the conditions described below and more fully set forth in Appendix A to this Order.

#### CONDITIONS TO APPROVAL OF PROPOSED TRANSACTION

Based upon our review of the proposed transaction, we find that our approval must be conditioned upon the inclusion of certain protections for Kentucky-American ratepayers. Many of these conditions are similar to those placed upon our approval of RWE's acquisition of AWWC and merely restate AWWC and Kentucky-American's existing obligations.

#### Service Quality

Our principal concern is the possible degradation of service quality after the public offering. To ensure that the proposed transaction will not unduly disrupt Kentucky-American's operations or adversely affect the quality of its service, we have expressly conditioned our approval upon Kentucky-American customers experiencing no material adverse change in utility service as a result of the proposed transaction.<sup>43</sup>

To guard against immediate and drastic changes in Kentucky-American's management after the public offering of AWWC common stock, we have further conditioned our approval upon retention of the current Kentucky-American management for one year following completion of the IPO and required AWWC and Kentucky-American to provide us with written notification of any changes in management

---

<sup>43</sup> Appendix A, Condition No. 22.

personnel.<sup>44</sup> Similar conditions have been placed on reductions of non-management employee positions.<sup>45</sup>

The Commission has further imposed several conditions that restate and emphasize Kentucky-American's primary duty to provide reasonable utility service. The provision of utility service must be Kentucky-American's highest priority.<sup>46</sup> Kentucky-American will not be used as an employer or purchaser of last resort for employees, assets, and products associated with any failed or troubled AWWC affiliated venture.<sup>47</sup> Kentucky-American and AWWC must adequately fund and maintain Kentucky-American's facilities to ensure their compliance with all state and federal requirements and their ability to meet the current and future demands of Kentucky-American customers.<sup>48</sup>

We have also extended the requirement that we imposed in Cases No. 2002-00018 and No. 2002-00317 for an annual report on Kentucky-American's water quality standards, number of water service interruptions, average employee response time to water service interruptions, number of customer complaints, and customer inquiry time.<sup>49</sup> We will continue to use these reports as a tool to monitor the quality of Kentucky-American's service and detect any decline in that quality.

---

<sup>44</sup> Appendix A, Conditions No. 12 and No. 13.

<sup>45</sup> Appendix A, Condition No. 41.

<sup>46</sup> Appendix A, Condition No. 18.

<sup>47</sup> Appendix A, Condition No. 17.

<sup>48</sup> Appendix A, Condition No. 24.

<sup>49</sup> Appendix A, Condition No. 23.

### Transaction Costs

Thames GmbH and AWWC expect to incur costs related to the proposed transaction of \$12 million and \$11 million, respectively.<sup>50</sup> The Commission finds that Kentucky-American should not bear any of these costs. Joint Petitioners have represented that none of the costs of the proposed transaction will be recovered from Kentucky-American.<sup>51</sup> We have incorporated their representations into our conditions for approving the proposed transaction<sup>52</sup> and have further required that no costs related to early termination costs, retention bonuses or change in control payments resulting from the proposed transaction will be allocated to Kentucky-American.<sup>53</sup> We have further prohibited the payment for the redemption of AWWC's preferred stock to be recorded on Kentucky-American's books.<sup>54</sup>

### Local Control/Local Concerns

While the Commission recognizes that the proposed transaction is likely to reduce the distance between Kentucky-American's operations and its ultimate owners, we are of the opinion that the public interest requires that Kentucky-American's local management have the necessary authority and autonomy to make decisions on a local level. To ensure that Kentucky-American remains responsive and retains some measure of local autonomy, we have required Kentucky-American to:

---

<sup>50</sup> Joint Petitioners' Response to Commission Staff's First Information Request, Item 10(c) and (d).

<sup>51</sup> Joint Petition at ¶ 46.

<sup>52</sup> Appendix A, Condition No. 3.

<sup>53</sup> Appendix A, Condition No. 7.

<sup>54</sup> Appendix A, Condition No. 5.

- Actively support economic development and social and charitable activities throughout the areas in which it serves.
- Maintain a substantial level of involvement in community activities, through annual charitable and other contributions, on a level comparable to or greater than the participation levels experienced prior to the proposed transaction.
- Ensure that at least 40 percent of the members of its board of directors are persons who reside within the area that Kentucky-American serves and are not employees or officers of AWWC or any AWWC affiliated entity.

We have further conditioned our approval upon Kentucky-American's headquarters remaining in Lexington and the utility's books and records remaining within the state.<sup>55</sup> We have also conditioned our approval upon Kentucky-American honoring all existing contracts and agreements with local governments and negotiating renewal of those agreements in good faith.<sup>56</sup>

#### Sarbanes-Oxley Act of 2002 Compliance Costs

AWWC estimates that it will incur approximately \$2 million to comply with the Sarbanes-Oxley Act in the year following the proposed transaction and \$1 million annually thereafter.<sup>57</sup> A portion of these costs will be apportioned to Kentucky-American in accordance with its agreement with AWWSC. The AG proposes that Kentucky-

---

<sup>55</sup> Appendix A, Condition No. 1.

<sup>56</sup> Appendix A, Condition No. 36.

<sup>57</sup> Joint Petitioners' Response to Commission Staff's First Information Request, Item 3.

American's recovery of these costs through general rates be limited to an amount no greater than Kentucky-American's pro rata share of \$1.0 million of such costs.<sup>58</sup>

While we find few benefits accruing to Kentucky-American's ratepayers as a result of AWWC being subject to the requirements of the Sarbanes-Oxley Act, we will not place any specific restriction on Kentucky-American's recovery of those costs through the rate-making process. Such compliance costs may be a reasonable and a necessary cost of providing utility service. We place Kentucky-American on notice, however, that in any general rate proceeding in which it seeks recovery of any Sarbanes-Oxley Act compliance costs, it must clearly demonstrate not only that these costs were reasonably incurred but that Kentucky-American ratepayers receive a specific and definite benefit from these costs. Generalities without specific empirical support will not suffice.

#### Increased Capital Costs

Asserting that the proposed transaction will increase Kentucky-American's capital costs, the AG urges the Commission to condition our approval of the proposed transaction on Joint Petitioners' agreement that AWWC and Kentucky-American hold Kentucky-American's ratepayers harmless for 5 years for the proposed transaction's adverse effects on AWWC's cost of capital.<sup>59</sup>

In light of our general rate-making powers that permit the disallowance of any unreasonable expenses, we find such condition to be unnecessary. In any general rate-making proceeding in which substantial evidence is presented to demonstrate that

---

<sup>58</sup> AG Post-Hearing Brief at 10.

<sup>59</sup> Direct Testimony of Scott J. Rubin at 26.

Kentucky-American is experiencing higher capital costs as a result of the proposed transaction, the Commission may disallow the portion of such costs that are due solely to the proposed transaction.<sup>60</sup> The party seeking disallowance of any capital costs for this reason must clearly demonstrate that the increased costs result directly from the proposed transaction.

### Capital Contribution

In light of AWWC's significant need for capital in the upcoming years, the AG and LFUCG urge that the proposed transaction be conditioned upon requiring Thames GmbH to contribute to AWWC 20 percent of the proceeds of the public stock offering. This required contribution, they argue, would improve AWWC's credit rating, make funds available for necessary capital expenditures, reduce the total amount of debt that must be issued, and cover some of the initial costs associated with compliance with the Sarbanes-Oxley Act. It would force Thames GmbH to "make good on some of the commitments it [and RWE] made when it acquired AWW[C]."<sup>61</sup>

Characterizing this proposal as the assessment of an "exit fee," Joint Petitioners voice strong policy and legal objections. First, they contend that the purpose of the proposed condition is improper as it seeks to penalize Thames GmbH and RWE for their alleged failure to meet certain commitments made at the time of their acquisition of AWWC.<sup>62</sup> Conditions should only be used, they argue, "to mitigate any adverse effect

---

<sup>60</sup> The Commission places all parties on notice that our approval of the transfer of control with conditions does not constitute a finding that all costs related to the proposed transaction or that ultimately result from the proposed transaction are reasonable.

<sup>61</sup> Joint Petitioners' Post-Hearing Brief at 22.

<sup>62</sup> Joint Petitioners' Brief at 26.

of the proposed transfer of control, not as a means to assess punitive damages for alleged past actions by a shareholder.”<sup>63</sup> The proposed condition, the Joint Petitioners assert, is unrelated to the provision of service. They further deny that Thames GmbH or RWE have failed to meet any of their commitments.

Joint Petitioners also contend that the proposal constitutes an improper and inappropriate taking of Thames GmbH’s proceeds. Citing previous legal precedent, they assert that RWE and Thames GmbH solely bore the risk of their investment and should not be required to share a portion of the proceeds with others. As AWWC did not bear any risk with the value of its stock, they argue, it is not entitled to share in any proceeds from the sale of its stock.

Joint Petitioners argue that the AG’s proposal constitutes an exaction, a concession made in order to receive a governmental permit or approval. In effect, the proposal, if accepted, would require RWE and Thames GmbH to surrender 20 percent of the stock sale proceeds to obtain Commission approval for the proposed transaction. Such conditioning, they argue, may result in a regulatory taking and be prohibited by the Federal Constitution.

While Joint Petitioners object to the AG’s assertion that AWWC’s capital needs are the result of poor planning or neglect, they acknowledge that “all [water] systems in the United States face high levels of capital expenditure now and in the future to replace aging infrastructure.”<sup>64</sup> They further note that this need alone is not a sufficient basis to impose any conditions on the proposed transaction.

---

<sup>63</sup> Id. at 26.

<sup>64</sup> Joint Petitioners’ Post-Hearing Brief at 23.



While the Commission agrees that AWWC must have adequate capital if its regulated subsidiaries are to provide adequate service, neither the AG nor LFUCG has provided any legal authority to support this proposal nor have they explained how this required level of capitalization was determined or identified RWE and Thames GmbH's responsibility to provide it. Accordingly, we decline to accept this proposal.

The Commission is not unmindful of AWWC and Kentucky-American's significant capital needs. To the extent that RWE and Thames GmbH during their ownership of AWWC failed to ensure adequate funding of AWWC's pension fund and other post-employment benefit plans to prevent increases in the level of unfunded liabilities, they must bear responsibility for such increases and should not be allowed to foist that responsibility onto the shoulders of AWWC's new owners and ultimately on the ratepayers of AWWC's regulated utilities. As they divest themselves of their interests in AWWC, RWE and Thames GmbH should be required to make the equity capital infusions necessary to render AWWC's current pension funding ratio at the same level that existed when they acquired AWWC.<sup>65</sup> This condition is not an exaction but merely eliminates the effects of a departing owner's budgetary decisions, and is consistent with that departing owner's commitments to this Commission at the time of the acquisition.

---

<sup>65</sup> Mr. Rubin testified that AWWC's pension funding ratio was 77 percent as of December 31, 2001 and was only 60 percent as of December 31, 2004. The record does not contain any information regarding this level for the past 2 years. Any contribution to restore AWWC's pension ratio to the December 31, 2002 level should be computed using the pension funding ratios that existed on December 31, 2002 and December 31, 2006.

### Avoiding Unauthorized Acquisitions of Control

While Joint Petitioners represent that they have no intention of permitting any person to acquire control<sup>66</sup> of AWWC through the proposed transaction,<sup>67</sup> the Commission remains concerned that the proposed transaction could result in such acquisition. KRS 278.020(6) requires that such acquisition be made only with prior Commission approval. To prevent any violation of this statute, we condition our approval of the proposed transaction upon AWWC's filing of a registration statement with the SEC in connection with the proposed transaction that contains a clear disclosure that no person may acquire control of AWWC without obtaining necessary regulatory approvals pursuant to applicable state laws, including KRS 278.020. We have further required that any agreements that Thames GmbH or AWWC have with the transaction's underwriters require the underwriters to report to AWWC and the Commission all instances in which a person or entity has acquired directly or indirectly 10 percent or more of AWWC stock through the IPO.

### Most Favored Nations Clause

The Commission finds that since AWWC has operating subsidiaries in numerous jurisdictions, a "most favored nations clause" would ensure that Kentucky-American ratepayers receive all of the benefits that RWE, Thames GmbH, and AWWC make available to other jurisdictions. We find that the public interest requires our approval of the proposed merger be conditioned upon RWE, Thames GmbH, AWWC, and Kentucky-American extending to Kentucky-American ratepayers proportionate net

---

<sup>66</sup> For a definition of "control," see supra note 9.

<sup>67</sup> Joint Petition at ¶ 50.

benefits of each condition imposed by another state regulatory commission that will benefit ratepayers in another jurisdiction.

### Intervenor Proposed Conditions

The AG has proposed 47 conditions to be placed upon any approval of the proposed transaction. Many of these conditions are similar to those that we placed upon RWE and Thames GmbH's acquisition of AWWC.<sup>68</sup> Some of these have been discussed previously in this Order and have been incorporated into those set forth in Appendix A. Of the 47 conditions that the AG proposed, we have accepted 35 conditions in toto or with modifications.

The AG proposes that the Commission require Kentucky-American to adopt new procedures to closely monitor lost water and to file quarterly water loss reports with the Commission.<sup>69</sup> He argues that such procedures would address one of the reasons for Thames GmbH's divestiture of AWWC and would assist in resolving Kentucky-American's source of supply concerns. As Kentucky-American already must file a report of its water loss with its annual report and as Kentucky-American's current water losses do not appear excessive,<sup>70</sup> we decline to impose this condition. We will,

---

<sup>68</sup> LFUCG also urges the Commission to apply the same conditions that we attached to RWE's acquisition of AWWC. LFUCG Brief at 1 and 18.

<sup>69</sup> Direct Testimony of Scott J. Rubin at 26.

<sup>70</sup> For the calendar year ending December 31, 2005, Kentucky-American has a water loss percentage of 13.1399 percent. See Annual Report of Kentucky-American Water Company to the Public Service Commission of Kentucky for the Calendar Year Ended December 31, 2005 at 35. The Commission's regulations consider any water loss in excess of 15 percent as unreasonable for rate-making purposes. See 807 KAR 5:066, Section 6.

however, continue to monitor Kentucky-American's water losses. If they worsen, we will consider additional remedies.<sup>71</sup>

The AG further requests that all AWWC or Kentucky-American unregulated activities<sup>72</sup> be conducted through a separate corporate entity and that any services that Kentucky-American provides be charged at no less than Kentucky-American's fully embedded cost.<sup>73</sup> In light of existing statutory restrictions on non-regulated utility transactions,<sup>74</sup> we find no need for this condition. We, however, continue to insist that AWWC and Kentucky-American retain separate books for each corporate entity operating within Kentucky and follow appropriate state cost allocation guidelines.<sup>75</sup>

The AG proposes that AWWC report to the Commission in writing on several aspects of its operations.<sup>76</sup> The Commission declines to accept these proposals. The requested information will be available through filings that AWWC must make to the SEC or easily obtained through the use of publicly available documents.

The AG also proposes that AWWC be required to appoint an agent in Kentucky for the limited purpose of accepting service of process of any enforcement action that

---

<sup>71</sup> Our authority to order remedial action is independent of any condition to the proposed transfer of control. See KRS 278.280(1).

<sup>72</sup> The AG's reference to unregulated activities presumably refers to Kentucky-American's operation of non-public utilities. Kentucky-American has previously operated water treatment and production facilities for several Kentucky municipalities. These operations are not subject to Commission jurisdiction.

<sup>73</sup> Direct Testimony of Scott J. Rubin at 26.

<sup>74</sup> See KRS 278.2201-.2219.

<sup>75</sup> Appendix A, Condition No. 14.

<sup>76</sup> These proposals are virtually identical to Conditions No. 31 and No. 34 that we imposed in Case No. 2002-00317.

the Commission may bring and to consent to the personal jurisdiction of Franklin Circuit Court to hear and consider any legal action or proceeding that the Commission may bring against AWWC to enforce the provisions of this Order.

We find these proposals unworkable and unnecessary. Kentucky law makes no provisions for the appointment of an agent for the sole purpose of accepting service of process for a Commission enforcement action. As AWWC is a party to this proceeding and has sought relief from this Commission, it has already consented to the jurisdiction of the courts of this Commonwealth for any action to enforce the provisions of this Order.

#### MONITORING THE PROPOSED TRANSACTION

The AG urges the Commission to continue monitoring the proposed transaction until its completion to ensure that ratepayers “will not be harmed by a change in the transaction after any approval under this proceeding but subsequent to the actual implementation of the plan.”<sup>77</sup> The Commission concurs with this proposal and has in this Order directed Joint Petitioners to submit monthly written reports on the progress of the proposed transaction and to file simultaneously with the Commission any documents that they file with the SEC in connection with the proposed transaction. These requirements will ensure that the Commission remains abreast of all developments and can take any necessary actions to protect Kentucky-American’s ratepayers.

---

<sup>77</sup> AG Post-Hearing Brief at 15.

### RELEASE OF RWE AND THAMES GmbH FROM PRIOR CONDITIONS

Joint Petitioners have requested that RWE and Thames GmbH be released from all conditions set forth in our Orders of December 19, 2002 and January 21, 2003 in Case No. 2002-00317 in which we approved RWE and Thames GmbH's acquisition of indirect control over Kentucky-American. These conditions were intended to protect Kentucky-American ratepayers and the public interest. Upon the completion of the proposed transaction, at which time RWE and Thames GmbH will cease to hold any beneficial interest, direct or indirect, in any class of securities of AWWC, these conditions will no longer serve that purpose. At that time, RWE and Thames GmbH should be released from the conditions set forth in those Orders.

### SUMMARY

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Kentucky-American owns and operates facilities that are used in the distribution of water to the public in Bourbon, Clark, Fayette, Gallatin, Grant, Harrison, Jessamine, Owen, Scott and Woodford counties and owns and operates facilities for the collection and treatment of sewage for the public in Clark and Owen counties. Kentucky-American is a utility subject to the Commission's jurisdiction.
2. AWWC owns and controls Kentucky-American.
3. TWAUSHI currently owns all of AWWC's common stock.
4. Thames GmbH currently owns all of TWAUSHI's common stock.
5. By virtue of its ownership of TWAUSHI, Thames GmbH possesses indirect control of Kentucky-American.

6. Joint Petitioners propose to merge TWAUSHI and AWWC and then to conduct a public offering of AWWC's common stock. Upon completion of the proposed transaction, Thames GmbH will possess less than 10 percent of AWWC's common stock and will no longer exercise direct control over AWWC or indirect control of Kentucky-American.

7. The proposed transaction will result in a transfer of indirect control of Kentucky-American and will require Commission approval.

8. The identities of those persons who will acquire AWWC's common stock are currently unknown and will not be known until completion of the public offering of AWWC common stock.

9. Upon completion of the public offering and transfer of AWWC's common stock, the management that currently manages AWWC and Kentucky-American will continue to be in place and will continue to manage those entities' day-to-day operations.

10. The current management has the managerial, technical and financial abilities to provide reasonable utility service.

11. As those persons who are acquiring AWWC common stock will continue to use AWWC's management immediately following the public offering, these persons will possess the managerial, technical and financial abilities to provide reasonable utility service.

12. The proposed transaction may have potentially adverse effects on the quality of service that Kentucky-American provides and will be consistent with the public interest only under the conditions set forth in Appendix A to this Order.

IT IS THEREFORE ORDERED that:

1. The transfer of control of Kentucky-American resulting from the merger of AWWC and TWAUSHI and the proposed public offering of AWWC common stock is approved, subject to the conditions set forth in Appendix A of this Order.

2. The proposed transfer of control shall not proceed unless, within 20 days of the date of this Order, the written acknowledgements on behalf of RWE, Thames GmbH, TWAUSHI, AWWC, and Kentucky-American by each entity's chief executive officer that these entities each accept and agree to be bound by the commitments set forth in Appendix A to this Order are filed with the Commission.

3. Within 10 days of the date of this Order, Joint Petitioners shall advise the Commission in writing of the following:

a. AWWC's total liability for pension and other post-retirement benefit plans as of December 31, 2002;

b. The fair value of AWWC's plan assets for pension and other post-retirement benefit plans as of December 31, 2001;

c. The percentage of AWWC's pension and other post-retirement benefit plans that was funded as of December 31, 2002;

d. AWWC's total liability for pension and other post-retirement benefit plans as of December 31, 2006;

e. The fair value of AWWC's plan assets for pension and other post-retirement benefit plans as of December 31, 2006;

f. The percentage of AWWC's pension and other post-retirement benefit plans that was funded as of December 31, 2006;



g. The amount of capital necessary to bring AWWC's plan assets for pension and other post-retirement benefit plans as of December 31, 2006 to the same percentage level of funding that existed for AWWC's plan assets and other post-retirement benefits as of December 31, 2002.

4. Within 10 days of the date of this Order, Joint Petitioners shall file with the Commission the financial statements of AWWC for the calendar years ending December 31, 2002 and December 31, 2006.

5. AWWC shall not impair Kentucky-American's capacity to meet its obligations to provide adequate, efficient, and reasonable utility service.

6. Kentucky-American is prohibited from guaranteeing the debt of RWE, Thames GmbH, TWAUSHI, AWWC, or any of their affiliates or subsidiaries without the prior approval of the Commission.

7. Joint Petitioners shall file with the Commission a copy of the final decision or order or other forms of regulatory notification regarding the proposed transfer of control that each state regulatory authority with jurisdiction over the proposed IPO of AWWC stock issues within 20 days of the issuance of such order or notification.

8. Kentucky-American shall include with its annual report to the Commission a report in table format that shows each water quality standard imposed by law, the number of water service interruptions, the average employee response time to water service interruptions, the number of customer complaints, and the customer inquiry response time for that year.

9. Kentucky-American shall report with its annual report to the Commission its actual expenditure levels for economic development activities and civic and charitable activities for the past calendar year.

10. AWWC and Kentucky-American shall comply with all reporting and filing requirements set forth herein. Unless otherwise noted, all quarterly reports shall be filed within 45 days of the close of the reporting quarter, and all annual reports shall be filed by March 31 of the year following the reporting period.

11. AWWC shall, at 6-month intervals, submit to the Commission written reports on the actual cumulative costs of the proposed IPO of AWWC common stock until all transaction costs have been incurred. These reports shall be for periods ending June 30 and December 31 and shall be submitted within 45 days of the end of the reporting period.

12. On the last day of each month following the issuance of this Order and continuing until the proposed transaction is completed, Joint Petitioners shall submit a written report of current status of the proposed transaction. This report shall, at a minimum, address Joint Petitioners' progress in obtaining the approval of all state utility regulatory commissions that must review the proposed transaction and the status of all filings with the SEC.

13. Should the Joint Petitioners receive any information or notice that a person or persons have purchased or otherwise acquired 10 percent or more of AWWC's common stock through the IPO, they shall advise the Commission in writing of this information or notice within 72 hours of its receipt.

14. Thames GmbH and AWWC shall in their agreements with all persons that are underwriting the IPO of AWWC common stock require that those persons report to AWWC and the Commission all instances in which a person or entity has acquired directly or indirectly 10 percent or more of AWWC stock through the IPO and to identify such persons or entities.

15. Joint Petitioners shall simultaneously with each filing made to the SEC in connection with the proposed transaction file with the Commission a copy of such filing.

16. At such time as RWE and Thames GmbH cease to have any beneficial interest, direct or indirect, in any class of securities of AWWC, all terms and conditions set forth in the Commission's Orders of December 19, 2002 and January 21, 2003 in Case No. 2002-00317 shall terminate.

17. Within 10 days of completion of RWE and Thames GmbH's transfer of all interests in AWWC, they shall notify the Commission in writing that such transfer has occurred.

Done at Frankfort, Kentucky, this 16<sup>th</sup> day of April, 2007.

By the Commission

ATTEST:



Executive Director

## APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2006-00197 DATED April 16, 2007

The proposed IPO of AWWC common stock and the transfer of indirect control of Kentucky-American from TWAUSHI, Thames GmbH and RWE to unknown persons are approved upon the following conditions:

1. Kentucky-American's books and records will be maintained and housed in Kentucky.
2. AWWC and Kentucky-American will not assert in any judicial or administrative proceeding that the Commission lacks for rate-making purposes jurisdiction over Kentucky-American's capital structure, financing, and cost of capital.
3. Neither Kentucky-American nor its ratepayers, directly or indirectly, will incur any additional costs, liabilities, or obligations in conjunction with Thames GmbH and RWE's divestiture of AWWC.
4. AWWC and Kentucky-American will obtain Commission approval prior to the transfer of any Kentucky-American asset with an original book value in excess of \$1 million or real property or real estate with a net original book value in excess of \$200,000.
5. The payment for redemption of AWWC's preferred stock will not be recorded on Kentucky-American's books.
6. RWE and Thames GmbH's divestiture of AWWC will not affect the accounting and rate-making treatments of Kentucky-American's excess deferred income taxes.

7. No early termination costs, change in control payments, or retention bonuses paid to a Kentucky-American or AWWC employee as a result of the proposed transaction will be allocated to Kentucky-American or recovered from Kentucky-American's ratepayers.

8. Kentucky-American will not bear any costs incurred to comply with any law, regulation, standard, or practice of the United Kingdom, Federal Republic of Germany, or European Community necessary to complete the proposed transaction.

9. AWWC and Kentucky-American will not assert in any Commission proceeding that Commission review of the reasonableness of any cost has been or is preempted by any other governmental regulator.

10. The prospectus within the registration statement to be filed with the Commission in connection with the proposed transaction will include a clear statement that no person may acquire control of AWWC without obtaining necessary regulatory approvals pursuant to applicable state laws, including KRS 278.020.

11. Thames GmbH and AWWC will require in their agreements with the underwriters of the IPO of AWWC stock that the underwriters report to AWWC and the Commission all instances in which a person or entity has acquired directly or indirectly 10 percent or more of AWWC stock through the IPO and to identify such persons or entities.

12. RWE and/or Thames GmbH will infuse equity capital into AWWC prior to the proposed transaction sufficient to render AWWC's pension funding ratio on December 31, 2006 at the same level that existed on December 31, 2002.

13. For at least one year from the date of the IPO of AWWC stock, each of Kentucky-American's current corporate officers will continue in his or her current position and perform his or her current duties unless he or she requests reassignment or retirement, resigns on his or her own volition, is unable to continue to perform the duties of that position due to some physical, mental, or civil disability, or has engaged in some misconduct that requires his or her removal or reassignment.

14. For at least one year from the date of the IPO of AWWC stock, AWWC or Kentucky-American will notify the Commission in writing within 10 days of any changes in Kentucky-American's corporate officers and management personnel.

15. AWWC and Kentucky-American will retain separate books for each corporate entity operating within Kentucky and will follow state cost-allocation guidelines, as well as all applicable codes of conduct.

16. Kentucky-American's equity-to-capital ratio will be maintained between 35 to 45 percent. If the equity-to-capital ratio falls outside this range, AWWC and Kentucky-American will notify the Commission in writing within 30 days of this development and will submit to the Commission a detailed plan of action to return Kentucky-American's equity-to-capital ratio to this range.

17. AWWC and Kentucky-American will notify the Commission in writing within 30 days of any downgrading of the bonds of AWWC or any AWWC subsidiary and will include with such notice the complete report of the issuing bonding agency.

18. Kentucky-American will not be the employer or purchaser of last resort for employees, assets, and products associated with any failed or troubled AWWC affiliate or venture.

19. Kentucky-American's utility operations will be Kentucky-American's highest priority and will not be used to solely benefit non-utility affiliates.

20. If AWWC issues new debt or equity in excess of \$100 million, it will notify the Commission in writing 30 days prior to such issuance.

21. Kentucky-American will file with its annual report to the Commission a report of its dividend payments and other funds transfers to AWWC. This report will list the date of each dividend payment or other funds transfer made to AWWC during the calendar year, the amount of each payment, and the amount of net income available at the time of each payment.

22. AWWC will semi-annually submit written reports to the Commission on the actual cumulative costs of the proposed divestiture. The reports should be for reporting periods ending June 30 and December 31 and submitted within 45 days of the end of the reporting period.

23. Kentucky-American customers will experience no material adverse change in utility service due to the divestiture.

24. Beginning for calendar year 2007 and for the next 5 years thereafter, Kentucky-American will include in its annual report to the Commission in table format a report that shows each water quality standard, the number of water service interruptions, the average employee response time to water service interruptions, the number of customer complaints, and the customer inquiry response time for that calendar year.

25. AWWC and Kentucky-American will adequately fund and maintain Kentucky-American's treatment, transmission, and distribution systems; comply with all

applicable Kentucky statutes and administrative regulations; and supply the service needs of Kentucky-American customers.

26. At least 30 days prior to any planned reduction of 5 percent or more in Kentucky-American's workforce, AWWC or Kentucky-American will notify the Commission in writing of the planned reduction and will include with such notice a written study of the reduction's expected effects on service and Kentucky-American's plan for maintaining service quality at the reduced workforce level.

27. AWWC will maintain Kentucky-American's levels of commitment to high quality utility service and will fully support maintaining Kentucky-American's record for service quality.

28. Kentucky-American will continue to protect and safeguard the condition of all of its watershed land holdings surrounding its reservoirs and well fields in Kentucky.

29. AWWC and Kentucky-American will actively support economic development and social and charitable activities throughout the areas in which Kentucky-American serves for as long as Kentucky-American continues to serve those areas.

30. Kentucky-American will maintain a substantial level of involvement in community activities, through annual charitable and other contributions, on a level comparable to or greater than the participation levels experienced prior to the date of the IPO of AWWC stock.

31. AWWC will maintain and support the relationship between Kentucky-American and the communities that it serves.



32. At least 40 percent of the members of Kentucky-American's Board of Directors will be persons who reside within the area that Kentucky-American serves and who are not employees or officers of AWWC or any AWWC affiliated entity.

33. AWWC will hold all of Kentucky-American's common stock and will not transfer any of that stock without prior Commission approval even if the transfer is pursuant to a corporate reorganization as defined in KRS 278.020(7)(b).

34. If any state regulatory commission imposes conditions on RWE, Thames GmbH, TWAUSHI, or AWWC as a condition for its approval of the proposed divestiture and IPO of AWWC common stock and those conditions would benefit ratepayers in any other jurisdiction, proportionate net benefits and conditions will be extended to Kentucky-American ratepayers.

35. Kentucky-American will retain its current name and will continue as a corporation organized under Kentucky law.

36. Kentucky-American's headquarters will remain in Lexington, Kentucky.

37. AWWC and Kentucky-American will honor all existing Kentucky-American contracts, easements, or other agreements with local governments, and will negotiate with those local governments in good faith regarding the renewal of those agreements.

38. Kentucky-American will not, for at least one year from the date of the IPO of AWWC common stock, eliminate any non-management or union employee positions.

39. AWWC and Kentucky-American will maintain a sound and constructive relationship with those labor organizations that may represent certain AWWC or Kentucky-American employees, will remain neutral respecting an individual's right to choose to be a trade union member, will continue to recognize the unions that currently

have collective bargaining agreements with Kentucky-American, and will honor any agreements with those unions.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AMERICAN WATER WORKS COMPANY, INC. AND	)	
KENTUCKY AMERICAN WATER COMPANY MOTION	)	CASE NO.
FOR RELEASE OF CONDITIONS	)	2014-00362

ORDER

On October 9, 2014, Kentucky-American Water Company (“Kentucky-American”) and American Water Works Company, Inc. (“AWWC”) (jointly “Movants”) filed a motion for release from seven conditions set forth in the Final Order in Case No. 2006-00197, dated April 16, 2007 (“2006-00197 Order”), which is the proceeding whereby the Commission approved the change in control of Kentucky-American.<sup>1</sup> As a basis for this motion, Movants assert that the conditions at issue are no longer necessary, and, in one case, impose an obligation that is inconsistent with the Commission’s regulation of other utilities.

On December 2, 2014, the Commission notified Lexington-Fayette Urban County Government, an intervenor in Case No. 2006-00197, that Movants filed a motion for release of several conditions set forth in the Order in that matter. There are no intervenors in this matter.

---

<sup>1</sup> Case No. 2006-00197, *The Joint Petition Of Kentucky-American Water Company, Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., and American Water Works Company, Inc. for Approval of a Change in Control of Kentucky-American Water Company* (Ky. PSC Apr. 16, 2007), Final Order.

## BACKGROUND

Kentucky-American is a water and sewer utility subject to Commission jurisdiction and regulation.<sup>2</sup> AWWC, a Delaware corporation, currently owns all outstanding shares of Kentucky-American stock. AWWC neither conducts nor is authorized to conduct business within the Commonwealth.

In the 2006-00197 Order, the Commission imposed certain requirements as conditions to approving the change in control of Kentucky-American. Kentucky-American's then ultimate parent company, RWE Aktiengesellschaft ("RWE"), sought Commission approval to sell all of AWWC's common stock ("stock sale"). After the stock sale, AWWC became an independent entity. Because AWWC owned all outstanding shares of Kentucky-American, the stock sale effectively transferred indirect control of Kentucky-American from RWE to persons who acquired AWWC common stock.

In the 2006-00197 Order, the Commission found that the transaction created significant financial risk and uncertainty, and thus, the transaction was in the public interest only if approval was conditioned upon certain protections for Kentucky-American ratepayers. Many of the conditions imposed in the 2006-00197 Order were similar to conditions imposed in the Commission's approval of RWE's acquisition of AWWC and Kentucky-American in Case Nos. 2002-00018 and 2002-00317.<sup>3</sup>

---

<sup>2</sup> KRS 278.010(3)(d) and (f).

<sup>3</sup> Case No. 2002-00018, *Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE Aktiengesellschaft and Thames Water Aqua Holdings GmbH* (Ky. PSC May 30, 2002), Final Order ("2002-00018 Order"); and Case No. 2002-00317, *The Joint Petition of Kentucky-American Water Company, Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., Apollo Acquisition Company and American Water Works Company, Inc. for Approval of a Change of Control of Kentucky-American Water Company* (Ky. PSC Dec. 20, 2002), Final Order ("2002-00317 Order").



The conditions set forth in the 2006-00197 Order were designed to ensure that Kentucky-American's service and operations were adequately funded and maintained, and thus safeguard Kentucky-American ratepayers from any adverse effect that might result from the transaction. AWWC and Kentucky-American agreed to be bound by the conditions set forth in the 2006-00197 Order. Kentucky-American now requests to be released from certain of the conditions on the basis that the conditions are no longer necessary and, in some instances, could become detrimental to customers.

### DISCUSSION

In the 2006-00197 Order, as in other cases approving the transfer of control for similarly situated investor-owned utilities, the Commission imposed conditions upon Kentucky-American and AWWC for the purpose of safeguarding public interest and service quality by preserving utility resources, and establishing reporting requirements to assist the Commission in monitoring the corporate activities of the utility and its holding company.<sup>4</sup> The conditions were set forth in the ordering paragraphs and Appendix A to the Order. Twenty-three conditions expired due to express or implied terminating events. Thirty-two conditions continue in force until revoked or modified by the Commission pursuant to KRS 278.390.

---

<sup>4</sup> See Case No. 2010-00204, *Joint Application of PPL Corporation, E.On Ag, E.On US Investments Corp., E.On U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities* (Ky. PSC Sept. 30, 2010); Case No. 2005-00228, *Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., the Cincinnati Gas & Electric Company, and the Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control* (Ky. PSC Nov. 29, 2005); Case No. 2000-00129, *Joint Application of NiSource Inc., New NiSource Inc., Columbia Energy Group and Columbia Gas of Kentucky for Approval of a Merger* (Ky. PSC June 30, 2000).

Kentucky-American is requesting release from seven of the 32 conditions that did not contain express or implied termination dates or events.

1. 2006-00197 Order, ordering paragraph 9 (“Ordering Paragraph 9”):

Kentucky-American shall report with its annual report to the Commission its actual expenditure levels for economic development activities and civic and charitable activities for the past calendar year.<sup>5</sup>

The Commission set forth this requirement to ensure that Kentucky-American was responsive to and involved in the communities that it served. The Commission deemed that public interest required that Kentucky-American management have sufficient authority and autonomy to address local concerns.<sup>6</sup>

The reporting requirement set forth in Ordering Paragraph 9 effectuates two conditions in Appendix A to the Order, Conditions 29 and 30, which require Kentucky-American to actively support economic development, civic, and charitable activities, for as long as Kentucky-American continues to serve the areas that it served at the time of the issuance of the Order at a level comparable to or greater than levels prior to the date of the transfer. In its motion, Kentucky-American requests release from the reporting requirement only, and not the expenditure requirement.

In its motion, Kentucky-American argues that it should be released from Ordering Paragraph 9 because it is no longer necessary. Kentucky-American asserts that its record of economic development, civic, and charitable activities are evidence that Kentucky-American meaningfully contributes to the communities it serves.

---

<sup>5</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>6</sup> 2006-00197 Order at 21.

Kentucky-American further asserts that its support of these activities before and after the transaction has remained constant because its local management maintains control over these activities.

2. 2006-00197 Order, Appendix A, condition 4 (“Condition 4”):

AWWC and Kentucky-American will obtain Commission approval prior to the transfer of any Kentucky-American asset with an original book value in excess of \$1 million or real property or real estate with a net original book value in excess of \$200,000.<sup>7</sup>

The Commission set forth this requirement to ensure that Kentucky-American was adequately funded to prevent a possible degradation of service quality.<sup>8</sup> The provision requiring Commission approval prior to the transfer of an asset with original book value in excess of \$1 million enables the Commission to monitor post-transaction activity to prevent misuse of utility resources. The provision that Kentucky-American obtain Commission approval prior to the transfer of real property or real estate with a net original book value in excess of \$200,000 was related to concerns raised by Lexington-Fayette Urban County Government (“LFUCG”) regarding Kentucky-American’s plans for Jacobson Park.<sup>9</sup> LFUCG leased the property on which the park is located until 2011, when the park was transferred to LFUCG pursuant to

---

<sup>7</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>8</sup> 2006-00197 Order at 19-20.

<sup>9</sup> 2002-00018 Order at 25.



Commission approval.<sup>10</sup> LFUCG expended a great deal of resources to develop the park and was concerned it would lose the benefit if the property were sold to a third party.

In its motion, Kentucky-American argues that it should be released from Condition 4 because continuing oversight is unnecessary. Kentucky-American contends that it is subject to statutes and regulations that are sufficient for the Commission to monitor Kentucky-American's financial information. As an example, Kentucky-American points to 807 KAR 5:006, Sections 4(2) and 4(3), which require Kentucky-American to file annual financial reports and financial statement audit reports. Kentucky-American further argues that the information it has provided since the conditions were imposed demonstrate that Kentucky-American's management retained and exercises local control over finances.

3. 2006-00197 Order, Appendix A, condition 16 ("Condition 16"):

Kentucky-American's equity-to-capital ratio will be maintained between 35 to 45 percent. If the equity to capital ratio falls outside this range, AWWC and Kentucky-American will notify the Commission in writing within 30 days of this development and will submit to the Commission a detailed plan of action to return Kentucky-American's equity-to-capital ratio to this range.<sup>11</sup>

The Commission set forth this requirement to ensure that Kentucky-American is adequately funded to prevent a possible degradation of service quality.<sup>12</sup> This

---

<sup>10</sup> Case No. 2005-00214, *Petition of Kentucky-American Water Company for Approval of the Transfer of Control and Ownership of Jacobson Park* (Ky. PSC Apr. 28, 2006). The transfer approved in 2006 did not take effect until 2011, pursuant to the terms of the transfer agreement

<sup>11</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>12</sup> 2006-00197 Order at 19-20.



requirement was imposed in the 2002-00018 Order as part of the suite of conditions to monitor post-transaction financial activity to prevent misuse of Kentucky-American financial resources.<sup>13</sup>

In its motion, Kentucky-American argues to be released from Condition 16 because it restricts Kentucky-American's ability to improve its capital structure, lower its weighted cost of capital, and reduce its level of financial risk. Kentucky-American further argues that the required equity ratio falls "well below" that of its peers.<sup>14</sup> Lastly, Kentucky-American asserts that it is unable to find any other jurisdictional utility for which the Commission imposed a maximum equity-to-capital ratio.

4. 2006-00197 Order, Appendix A, condition 17 ("Condition 17"):

AWWC and Kentucky-American will notify the Commission in writing within 30 days of any downgrading of the bonds of AWWC or any AWWC subsidiary and will include with such notice the complete report of the issuing bonding agency.<sup>15</sup>

The Commission set forth this requirement to ensure that Kentucky-American is adequately funded to prevent a possible degradation of service quality.<sup>16</sup> This requirement was first imposed in the 2002-00018 Order as part of the suite of conditions

---

<sup>13</sup> 2002-00018 Order at 20-22.

<sup>14</sup> Kentucky-American reviewed the equity ratios of Water Service Corporation of Kentucky, Columbia Gas of Kentucky, Atmos Energy Corporation, Louisville Gas and Electric Company, and Kentucky Utilities Company.

<sup>15</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>16</sup> 2006-00197 Order at 19-20.

to monitor post-transaction financial activity to prevent misuse of Kentucky-American financial resources.<sup>17</sup>

In its motion, Kentucky-American argues it should be released from Condition 17 because continuing oversight is unnecessary. Kentucky-American contends that it is subject to statutes and regulations that are sufficient to monitor Kentucky-American's financial information. As an example, Kentucky-American points to 807 KAR 5:006, Sections 4(2) and 4(3), which require Kentucky-American to file annual financial reports and financial statement audit reports. Kentucky-American further argues that the information it has provided since the conditions were imposed demonstrates that Kentucky-American's management retained and exercises local control over finances.

5. 2006-00197 Order, Appendix A, condition 20 ("Condition 20"):

If AWWC issues new debt or equity in excess of \$100 million, it will notify the Commission in writing 30 days prior to such issuance.<sup>18</sup>

The Commission set forth this requirement to ensure that Kentucky-American is adequately funded to prevent a possible degradation of service quality.<sup>19</sup> This condition was first imposed in 2002-00018 Order as part of the suite of conditions to monitor post-transaction financial activity to prevent misuse of Kentucky-American financial resources.<sup>20</sup>

---

<sup>17</sup> 2002-00018 Order at 20-22.

<sup>18</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>19</sup> 2006-00197 Order at 19-20.

<sup>20</sup> 2002-00018 Order at 20-22.

In its motion, Kentucky-American argues it should be released from Condition 20 because continuing oversight is unnecessary. Kentucky-American contends that it is subject to statutes and regulations that are sufficient to monitor Kentucky-American's financial information. As an example, Kentucky-American points to 807 KAR 5:006, Section 4(2) and 4(3), which require Kentucky-American to file annual financial reports and financial statement audit reports. Kentucky-American further argues that the information it has provided since the conditions were imposed demonstrate that Kentucky-American's management retained and exercises local control over finances.

6. 2006-00197 Order, Appendix A, condition 21 ("Condition 21"):

Kentucky-American will file with its annual report to the Commission a report of its dividend payments and other funds transfers to AWWC. This report will list the date of each dividend payment or other funds transfers made to AWWC during the calendar year, the amount of each payment, and the amount of net income available at the time of each payment.<sup>21</sup>

The Commission set forth this requirement to ensure that Kentucky-American is adequately funded to prevent a possible degradation of service quality.<sup>22</sup> This requirement was first imposed in 2002-00018 Order as part of the suite of conditions to monitor post-transaction financial activity to prevent misuse of Kentucky-American financial resources.<sup>23</sup>

---

<sup>21</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>22</sup> 2006-00197 Order at 19-20.

<sup>23</sup> 2002-00018 Order at 20-22.



In its motion, Kentucky-American argues it should be released from Condition 21 because it is unnecessary. Kentucky-American notes that this requirement was intended to safeguard against any attempt to deprive Kentucky-American of necessary financial resources. Kentucky-American asserts that the record since imposition of this requirement demonstrates that it has not unnecessarily transferred funds to AWWC. In addition, Kentucky-American asserts that it is subject to statutes and regulations that are sufficient for the Commission to monitor dividend payments and other funds transfers. As an example, Kentucky-American points to 807 KAR 5:001, Section 12, and 807 KAR 5:006, Sections 4(2) and 4(3), which require reporting of dividend payments.

7. 2006-00197 Order, Appendix A, condition 26 ("Condition 26"):

At least 30 days prior to any planned reduction of 5 percent or more in Kentucky-American's workforce, AWWC or Kentucky-American will notify the Commission in writing of the planned reduction and will include with such notice a written study of the reduction's expected effects on service and Kentucky-American's plan for maintaining service quality at the reduced workforce level.<sup>24</sup>

The Commission set forth these requirements to ensure that service quality was not degraded through drastic changes in workforce levels.<sup>25</sup> This condition was first imposed in 2002-00018 Order to address concerns regarding potential post-transaction reductions in the workforce, and the subsequent impact upon service.<sup>26</sup>

---

<sup>24</sup> A similar requirement was imposed on Kentucky-American in the 2002-00018 and 2002-00317 Orders.

<sup>25</sup> 2006-00197 Order at 19-20.

<sup>26</sup> 2002-00018 Order at 20-22.

In its motion, Kentucky-American argues it should be released from Condition 26 requirements because Kentucky-American has demonstrated that it maintains a workforce that provides high-quality service. Kentucky-American further argues that any positions that were eliminated were in response to operational efficiencies and technological improvements. Lastly, Kentucky-American asserts that the Commission retains the statutory authority to monitor or investigate the level and quality of Kentucky-American's workforce. Kentucky-American notes that it does not anticipate any workforce reduction.

### FINDINGS

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Kentucky-American's request to be released from Ordering Paragraph 9, which requires Kentucky-American to report its economic development, civic, and social expenditures, should be denied. The reporting requirement was agreed to as part of the transfer case. Kentucky-American has not demonstrated that complying with the requirement is either burdensome or onerous, and it has not set forth sufficient cause to support a release of the condition imposed in Ordering Paragraph 9. Further, the reporting requirement assists the Commission in monitoring Kentucky-American's financial support for economic development, civic, and social activities pursuant to Conditions 29 and 30.

2. Kentucky-American's request to be released from Condition 4 should be granted in part and denied in part. The Commission finds that Kentucky-American

should be released from the requirement to obtain prior approval from the Commission for transfers of real property with a net original book value in excess of \$200,000, which was imposed to monitor the sale of Jacobson Park. In 2006, the Commission approved Kentucky-American's transfer of Jacobson Park to LFUCG, which was finalized in 2011. Once the real property transfer was approved and completed, the rationale for this condition became moot and continued oversight became unnecessary. The Commission further finds that Kentucky-American's request to be released from the requirement to obtain prior approval for the transfer of any asset with an original book value in excess of \$1 million should be denied. Kentucky-American has failed to set forth good cause for the Commission to release Kentucky-American from this requirement, which has been imposed upon and continues to be in effect for similarly situated utilities to monitor activity that could affect the quality of service provided to ratepayers.<sup>27</sup>

3. Kentucky-American's request to be released from Condition 16 should be denied without prejudice. Condition 16 imposes an equity floor and equity ceiling on Kentucky-American. The equity floor was requested by intervenors in Case No. 2006-00197 to ensure that Kentucky-American maintained a level of equity investment that was sufficient to prevent excessive debt leveraging that could limit its access to capital and increase its cost of debt. Similarly, the intervenors requested an equity ceiling to prevent excessive equity funding of capital investment that may unnecessarily increase

---

<sup>27</sup> Similar requirements were imposed in the following cases: Case No. 2010-00204, *Joint Application of PPL Corporation, E.On Ag, E.On US Investments Corp., E.On U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company* (Ky. PSC Sept. 30, 2010), Final Order, Appendix C, Regulatory Commitments, Item 6; and 2000-00129, *Joint Application of NiSource Inc., New NiSource Inc., Columbia Energy Group, and Columbia Gas of Kentucky* (Ky. PSC June 30, 2000), Final Order, Appendix A, Item 13.



Kentucky American's revenue requirement and, thus, increase consumer rates. The Commission recognizes that Kentucky-American agreed to Condition 16 at the request of the intervening parties in that case. Because those parties did not intervene in this proceeding and have not stated their position on Kentucky-American's request, and because removal of the condition may impact rates, Kentucky-American's request for removal of Condition 16 could be included in its next rate case filing where the impact to its rates and capital structure can be addressed by all stakeholders.

4. Kentucky-American's request to be released from Condition 17 should be granted. The filing of information regarding the downgrade of the bonds of AWWC or any AWWC subsidiary is no longer necessary.

5. Kentucky-American's request to be released from Condition 20 should be denied. Kentucky-American has not set forth sufficient cause to support a release of the requirement that Kentucky-American notify the Commission of significant issuances of securities by AWWC, Kentucky-American's parent company. These capital additions are not detailed in other reports filed with the Commission by Kentucky-American as suggested by Kentucky-American. Significant issuances of securities by a parent company are of particular interest to the Commission as the financial health of a parent company has a direct impact on its subsidiaries. Absent this condition, the Commission cannot reliably track and monitor significant capital additions of AWWC.

6. Kentucky-American's request to be released from Condition 21 should be denied. This condition was imposed to monitor financial activity that could affect the

quality of service provided to ratepayers. Kentucky-American has failed to set forth good cause for the Commission to release Kentucky-American from the requirement to report dividend payments or other funds transferred to AWWC.

7. Kentucky-American's request to be released from Condition 26 should be denied. This condition is neither burdensome nor onerous, and was agreed to as part of the transfer case. If, as Kentucky-American states in its motion, it does not anticipate any workforce reduction, then it will never have to file such a notice and study. However, if Kentucky-American ever does intend to reduce its workforce by 5 percent or more, the Commission should have the ability to review the anticipated impacts on service and service quality before the reduction takes place.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's request to be released from Ordering Paragraph 9 of the 2006-00197 Order, and Conditions 16, 20, 21, and 26 in Appendix A to that Order, are denied without prejudice.

2. Kentucky-American's request to be released from Condition 4 in Appendix A of the 2006-00197 Order is granted to the extent that the requirement to obtain prior approval for transfers of real property or real estate with a net original book value in excess of \$200,000 is terminated and is denied to the extent that the requirement to obtain prior approval for transfers of any asset with an original book value in excess of \$1 million shall remain in full force and effect.

3. Kentucky-American's request to be released from Condition 17 in Appendix A of the 2006-00197 Order is granted.



By the Commission

ENTERED  
MAY 15 2015  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

\*Honorable Lindsey W Ingram, III  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Kentucky-American Water Company aka  
2300 Richmond Road  
Lexington, KY 40502

# RatingsDirect®

---

Criteria | Corporates | General:

## Methodology: Business Risk/Financial Risk Matrix Expanded

**Criteria Officer:**

Mark Puccia, Managing Director, New York (1) 212-438-7233; mark.puccia@standardandpoors.com

### Table Of Contents

---

Business Risk/Financial Risk Framework

Updated Matrix

Financial Benchmarks

How To Use The Matrix--And Its Limitations

Related Criteria And Research

## Criteria | Corporates | General:

# Methodology: Business Risk/Financial Risk Matrix Expanded

**(Editor's Note:** We originally published this criteria article on Sept. 18, 2012. We're republishing it following our periodic review completed on August 21, 2015. This article has been partially superseded by the article titled, "Corporate Methodology," published on Nov. 19, 2013, for issuers within the scope of that criteria, but remains in effect for the following sectors or entities: project developers, transportation equipment leasing, auto rentals, investment holding companies and companies that maximize their returns by buying and selling equity holdings over time, corporate securitizations, and other entities whose cash flows are primarily derived from partially owned equity holdings.

Table 1 in this criteria article supersedes table 1 in the articles titled: Key Credit Factors: "Global Criteria For Rating Real Estate Companies," published on June 21, 2011; "Methodology And Assumptions On Risks In The Global High Technology Industry," published Oct. 15, 2009; "Methodology And Assumptions On Business And Financial Risks In The U.S. Movie Exhibitors Industry," published Aug. 28, 2009; "Methodology And Assumptions On Risks In The Hotel And Lodging Industry," published Aug. 11, 2009; "Methodology And Assumptions On Risks In The Aerospace And Defense Industries," published June 24, 2009; "Methodology And Assumptions On Risks In The Mining Industry," published June 23, 2009; "Business And Financial Risks In The Auto Component Suppliers Industry," published Jan. 28, 2009; "Business And Financial Risks In The Global Pharmaceutical Industry," published Jan. 22, 2009; "Business And Financial Risks In The U.S. For-Profit Health Care Facilities Industry," published Jan. 21, 2009; "Business And Financial Risks In The Investor-Owned Utilities Industry," Nov. 26, 2008; "Business And Financial Risks In The Commodity And Specialty Chemical Industry," published Nov. 20, 2008; "Business And Financial Risks In The Global Building Products And Materials Industry," Nov. 19, 2008; and "Business And Financial Risks In The Retail Industry," published Sept. 18, 2008.)

1. Standard & Poor's Ratings Services is refining its methodology for corporate ratings related to its business risk/financial risk matrix, which we published as part of "2008 Corporate Ratings Criteria" on April 15, 2008. We subsequently updated this matrix in the article "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," published May 27, 2009. In order to provide greater transparency on the methodology used to evaluate corporate ratings, this article updates table 1 of the May 27, 2009, article to reflect how we analyze companies with an excellent business risk profile and minimal financial risk profile, as well as companies with a vulnerable business risk profile and a highly leveraged financial risk profile. This article amends and supersedes both the 2008 and 2009 articles mentioned above. This article is related to "Principles Of Credit Ratings," published on Feb. 16, 2011.
2. We introduced the business risk/financial risk matrix in 2005. The relationships depicted in the matrix represent an essential element of our corporate analytical methodology (see table 1).

**Table 1**

Business And Financial Risk Profile Matrix						
Business Risk Profile	--Financial Risk Profile--					
	Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Excellent	AAA/AA+	AA	A	A-	BBB	--
Strong	AA	A	A-	BBB	BB	BB-
Satisfactory	A-	BBB+	BBB	BB+	BB-	B+

**Table 1**

<b>Business And Financial Risk Profile Matrix (cont.)</b>						
Fair	--	BBB-	BB+	BB	BB-	B
Weak	--	--	BB	BB-	B+	B-
Vulnerable	--	--	--	B+	B	B- or below

These rating outcomes are shown for guidance purposes only. Actual rating should be within one notch of indicated rating outcomes.

- The rating outcomes refer to issuer credit ratings. The ratings indicated in each cell of the matrix are the midpoints of a range of likely rating possibilities. This range would ordinarily span one notch above and below the indicated rating.

## Business Risk/Financial Risk Framework

- Our corporate analytical methodology organizes the analytical process according to a common framework, and it divides the task into several categories so that all salient issues are considered. The first categories involve fundamental business analysis; the financial analysis categories follow.
- Our ratings analysis starts with the assessment of the business and competitive profile of the company. Two companies with identical financial metrics can be rated very differently, to the extent that their business challenges and prospects differ. The categories underlying our business and financial risk assessments are:

### Business risk

- Country risk
- Industry risk
- Competitive position
- Profitability/Peer group comparisons

### Financial risk

- Accounting
- Financial governance and policies/risk tolerance
- Cash flow adequacy
- Capital structure/asset protection
- Liquidity/short-term factors

- We do not have any predetermined weights for these categories. The significance of specific factors varies from situation to situation.

## Updated Matrix

- We developed the matrix to make explicit the rating outcomes that are typical for various business risk/financial risk combinations. It illustrates the relationship of business and financial risk profiles to the issuer credit rating.
- We tend to weight business risk slightly more than financial risk when differentiating among investment-grade ratings. Conversely, we place slightly more weight on financial risk for speculative-grade issuers (see table 1, again).
- This version of the matrix represents a refinement--not any change in rating criteria or standards--and, consequently,



no rating changes are expected. However, the expanded matrix should enhance the transparency of the analytical process.

## Financial Benchmarks

**Table 2**

<b>Financial Risk Indicative Ratios (Corporates)</b>			
	<b>FFO/Debt (%)</b>	<b>Debt/EBITDA (x)</b>	<b>Debt/Capital (%)</b>
Minimal	greater than 60	less than 1.5	less than 25
Modest	45-60	1.5-2.0	25-35
Intermediate	30-45	2-3	35-45
Significant	20-30	3-4	45-50
Aggressive	12-20	4-5	50-60
Highly Leveraged	less than 12	greater than 5	greater than 60

## How To Use The Matrix--And Its Limitations

10. The rating matrix indicative outcomes are what we typically observe--but are not meant to be precise indications or guarantees of future rating opinions. Positive and negative nuances in our analysis may lead to a notch higher or lower than the outcomes indicated in the various cells of the matrix.
11. In certain situations there may be specific, overarching risks that are outside the standard framework, e.g., a liquidity crisis, major litigation, or large acquisition. This often is the case regarding issuers at the lowest end of the credit spectrum--i.e., the 'CCC' category and lower. These ratings, by definition, reflect some impending crisis or acute vulnerability, and the balanced approach that underlies the matrix framework just does not lend itself to such situations.
12. Similarly, some matrix cells are blank because the underlying combinations are highly unusual--and presumably would involve complicated factors and analysis.
13. The following hypothetical example illustrates how the tables can be used to better understand our rating process (see tables 1 and 2).
14. We believe that Company ABC has a satisfactory business risk profile, typical of a low investment-grade industrial issuer. If we believed its financial risk were intermediate, the expected rating outcome should be within one notch of 'BBB'. ABC's ratios of cash flow to debt (35%) and debt leverage (total debt to EBITDA of 2.5x) are indeed characteristic of intermediate financial risk.
15. It might be possible for Company ABC to be upgraded to the 'A' category by, for example, reducing its debt burden to the point that financial risk is viewed as minimal. Funds from operations (FFO) to debt of more than 60% and debt to EBITDA of only 1.5x would, in most cases, indicate minimal financial risk.
16. Conversely, ABC may choose to become more financially aggressive--perhaps it decides to reward shareholders by

borrowing to repurchase its stock. It is possible that the company may fall into the 'BB' category if we view its financial risk as significant. FFO to debt of 20% and debt to EBITDA of 4x would, in our view, typify the significant financial risk category.

17. Still, it is essential to realize that the financial benchmarks are guidelines, neither gospel nor guarantees. They can vary in nonstandard cases: For example, if a company's financial measures exhibit very little volatility, benchmarks may be somewhat more relaxed.
18. Moreover, our assessment of financial risk is not as simplistic as looking at a few ratios. It encompasses:
  - A view of accounting and disclosure practices;
  - A view of corporate governance, financial policies, and risk tolerance;
  - The degree of capital intensity, flexibility regarding capital expenditures and other cash needs, including acquisitions and shareholder distributions; and
  - Various aspects of liquidity--including the risk of refinancing near-term maturities.
19. The matrix addresses a company's standalone credit profile, and does not take account of external influences, which would pertain in the case of government-related entities or subsidiaries that in our view may benefit or suffer from affiliation with a stronger or weaker group. The matrix refers only to local-currency ratings, rather than foreign-currency ratings, which incorporate additional transfer and convertibility risks. Finally, the matrix does not apply to project finance or corporate securitizations.

## **Related Criteria And Research**

- Principles Of Credit Ratings, Feb. 16, 2011
  - Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
  - 2008 Corporate Ratings Criteria, April 15, 2008
20. These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as Standard & Poor's Ratings Services' assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment.

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription) and [www.spcapitaliq.com](http://www.spcapitaliq.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).



# RatingsDirect®

---

## Criteria | Corporates | General: Corporate Methodology

### Global Criteria Officer, Corporate Ratings:

Mark Puccia, New York (1) 212-438-7233; mark.puccia@standardandpoors.com

### Chief Credit Officer, Americas:

Lucy A Collett, New York (1) 212-438-6627; lucy.collett@standardandpoors.com

### European Corporate Ratings Criteria Officer:

Peter Kernan, London (44) 20-7176-3618; peter.kernan@standardandpoors.com

### Criteria Officer, Asia Pacific:

Andrew D Palmer, Melbourne (61) 3-9631-2052; andrew.palmer@standardandpoors.com

### Criteria Officer, Corporate Ratings:

Gregoire Buet, New York (1) 212-438-4122; gregoire.buet@standardandpoors.com

### Primary Credit Analysts:

Mark S Mettrick, CFA, Toronto (1) 416-507-2584; mark.mettrick@standardandpoors.com

Guy Deslondes, Milan (39) 02-72111-213; guy.deslondes@standardandpoors.com

### Secondary Contacts:

Michael P Altberg, New York (1) 212-438-3950; michael.altberg@standardandpoors.com

David C Lundberg, CFA, New York (1) 212-438-7551; david.lundberg@standardandpoors.com

Anthony J Flintoff, Melbourne (61) 3-9631-2038; anthony.flintoff@standardandpoors.com

Pablo F Lutereau, Buenos Aires (54) 114-891-2125; pablo.lutereau@standardandpoors.com

## Table Of Contents

---

SUMMARY OF THE CRITERIA

SCOPE OF THE CRITERIA

IMPACT ON OUTSTANDING RATINGS

EFFECTIVE DATE AND TRANSITION

METHODOLOGY

**Table Of Contents (cont.)**

---

A. Corporate Ratings Framework

B. Industry Risk

C. Country Risk

D. Competitive Position

E. Cash Flow/Leverage

F. Diversification/Portfolio Effect

G. Capital Structure

H. Financial Policy

I. Liquidity

J. Management And Governance

K. Comparable Ratings Analysis

**SUPERSEDED CRITERIA FOR ISSUERS WITHIN THE SCOPE OF THESE  
CRITERIA**

**RELATED CRITERIA**

**APPENDIXES**

A. Country Risk

B. Competitive Position

C. Cash Flow/Leverage Analysis

D. Diversification/Portfolio Effect

E. Financial Policy

F. Corporate Criteria Glossary

## Criteria | Corporates | General:

# Corporate Methodology

*(Editor's Note: We've republished this article on Dec. 16, 2013 to make some adjustments to language. These adjustments have no impact on our ratings or the effective date of the criteria.)*

1. Standard & Poor's Ratings Services is updating its criteria for rating corporate industrial companies and utilities. The criteria organize the analytical process according to a common framework and articulate the steps in developing the stand-alone credit profile (SACP) and issuer credit rating (ICR) for a corporate entity.
2. This article is related to our criteria article "Principles Of Credit Ratings," which we published on Feb. 16, 2011.

## SUMMARY OF THE CRITERIA

3. The criteria describe the methodology we use to determine the SACP and ICR for corporate industrial companies and utilities. Our assessment reflects these companies' business risk profiles, their financial risk profiles, and other factors that may modify the SACP outcome (see "General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating," published Oct. 1, 2010, for the definition of SACP). The criteria provide clarity on how we determine an issuer's SACP and ICR and are more specific in detailing the various factors of the analysis. The criteria also provide clear guidance on how we use these factors as part of determining an issuer's ICR. Standard & Poor's intends for these criteria to provide the market with a framework that clarifies our approach to fundamental analysis of corporate credit risks.
4. The business risk profile comprises the risk and return potential for a company in the markets in which it participates, the competitive climate within those markets (its industry risk), the country risks within those markets, and the competitive advantages and disadvantages the company has within those markets (its competitive position). The business risk profile affects the amount of financial risk that a company can bear at a given SACP level and constitutes the foundation for a company's expected economic success. We combine our assessments of industry risk, country risk, and competitive position to determine the assessment for a corporation's business risk profile.
5. The financial risk profile is the outcome of decisions that management makes in the context of its business risk profile and its financial risk tolerances. This includes decisions about the manner in which management seeks funding for the company and how it constructs its balance sheet. It also reflects the relationship of the cash flows the organization can achieve, given its business risk profile, to the company's financial obligations. The criteria use cash flow/leverage analysis to determine a corporate issuer's financial risk profile assessment.
6. We then combine an issuer's business risk profile assessment and its financial risk profile assessment to determine its anchor (see table 3). Additional rating factors can modify the anchor. These are: diversification/portfolio effect, capital structure, financial policy, liquidity, and management and governance. Comparable ratings analysis is the last analytical factor under the criteria to determine the final SACP on a company.
7. These criteria are complemented by industry-specific criteria called Key Credit Factors (KCFs). The KCFs describe the industry risk assessments associated with each sector and may identify sector-specific criteria that supersede certain

sections of these criteria. As an example, the liquidity criteria state that the relevant KCF article may specify different standards than those stated within the liquidity criteria to evaluate companies that are part of exceptionally stable or volatile industries. The KCFs may also define sector-specific criteria for one or more of the factors in the analysis. For example, the analysis of a regulated utility's competitive position is different from the methodology to evaluate the competitive position of an industrial company. The regulated utility KCF will describe the criteria we use to evaluate those companies' competitive positions (see "Key Credit Factors For The Regulated Utility Industry," published Nov. 19, 2013).

## SCOPE OF THE CRITERIA

8. This methodology applies to nonfinancial corporate issuer credit ratings globally. Please see "Criteria Guidelines For Recovery Ratings On Global Industrial Issuers' Speculative-Grade Debt," published Aug. 10, 2009, and "2008 Corporate Criteria: Rating Each Issue," published April 15, 2008, for further information on our methodology for determining issue ratings. This methodology does not apply to the following sectors, based on the unique characteristics of these sectors, which require either a different framework of analysis or substantial modifications to one or more factors of analysis: project finance entities, project developers, transportation equipment leasing, auto rentals, commodities trading, investment holding companies and companies that maximize their returns by buying and selling equity holdings over time, Japanese general trading companies, corporate securitizations, nonprofit and cooperative organizations, master limited partnerships, general partnerships of master limited partnerships, and other entities whose cash flows are primarily derived from partially owned equity holdings.

## IMPACT ON OUTSTANDING RATINGS

9. We expect about 5% of corporate industrial companies and utilities ratings within the scope of the criteria to change. Of that number, we expect approximately 90% to receive a one-notch change, with the majority of the remainder receiving a two-notch change. We expect the ratio of upgrades to downgrades to be around 3:1.

## EFFECTIVE DATE AND TRANSITION

10. These criteria are effective immediately on the date of publication. We intend to complete our review of all affected ratings within the next six months.

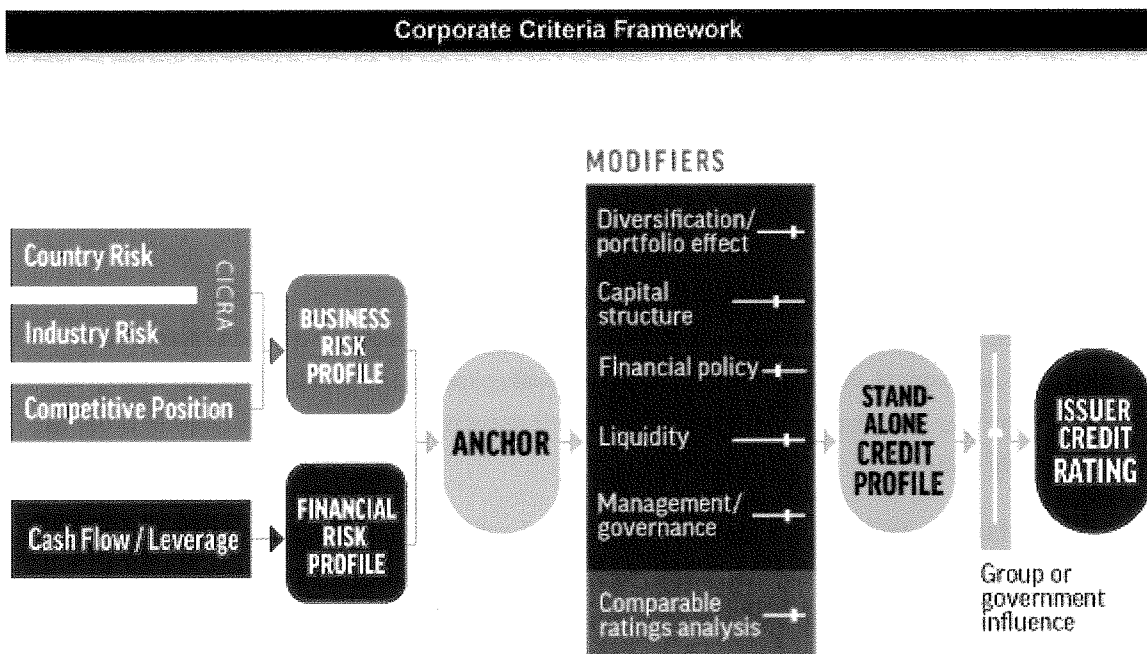
## METHODOLOGY

### A. Corporate Ratings Framework

11. The corporate analytical methodology organizes the analytical process according to a common framework, and it divides the task into several factors so that Standard & Poor's considers all salient issues. First we analyze the company's business risk profile, then evaluate its financial risk profile, then combine those to determine an issuer's

anchor. We then analyze six factors that could potentially modify our anchor conclusion.

12. To determine the assessment for a corporate issuer's business risk profile, the criteria combine our assessments of industry risk, country risk, and competitive position. Cash flow/leverage analysis determines a company's financial risk profile assessment. The analysis then combines the corporate issuer's business risk profile assessment and its financial risk profile assessment to determine its anchor. In general, the analysis weighs the business risk profile more heavily for investment-grade anchors, while the financial risk profile carries more weight for speculative-grade anchors.
13. After we determine the anchor, we use additional factors to modify the anchor. These factors are: diversification/portfolio effect, capital structure, financial policy, liquidity, and management and governance. The assessment of each factor can raise or lower the anchor by one or more notches--or have no effect. These conclusions take the form of assessments and descriptors for each factor that determine the number of notches to apply to the anchor.
14. The last analytical factor the criteria call for is comparable ratings analysis, which may raise or lower the anchor by one notch based on a holistic view of the company's credit characteristics.



15. The three analytic factors within the business risk profile generally are a blend of qualitative assessments and quantitative information. Qualitative assessments distinguish risk factors, such as a company's competitive advantages, that we use to assess its competitive position. Quantitative information includes, for example, historical cyclicity of revenues and profits that we review when assessing industry risk. It can also include the volatility and level of profitability we consider in order to assess a company's competitive position. The assessments for business risk profile

are: 1, excellent; 2, strong; 3, satisfactory; 4, fair; 5, weak; and 6, vulnerable.

16. In assessing cash flow/leverage to determine the financial risk profile, the analysis focuses on quantitative measures. The assessments for financial risk profile are: 1, minimal; 2, modest; 3, intermediate; 4, significant; 5, aggressive; and 6, highly leveraged.
17. The ICR results from the combination of the SACP and the support framework, which determines the extent of the difference between the SACP and the ICR, if any, for group or government influence. Extraordinary influence is then captured in the ICR. Please see "Group Rating Methodology," published Nov. 19, 2013, and "Rating Government-Related Entities: Methodology And Assumptions," published Dec. 9, 2010, for our methodology on group and government influence.
18. Ongoing support or negative influence from a government (for government-related entities), or from a group, is factored into the SACP (see "SACP criteria"). While such ongoing support/negative influence does not affect the industry or country risk assessment, it can affect any other factor in business or financial risk. For example, such support or negative influence can affect: national industry analysis, other elements of competitive position, financial risk profile, the liquidity assessment, and comparable ratings analysis.
19. The application of these criteria will result in an SACP that could then be constrained by the relevant sovereign rating and transfer and convertibility (T&C) assessment affecting the entity when determining the ICR. In order for the final ICR to be higher than the applicable sovereign rating or T&C assessment, the entity will have to meet the conditions established in "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013.

### **1. Determining the business risk profile assessment**

20. Under the criteria, the combined assessments for country risk, industry risk, and competitive position determine a company's business risk profile assessment. A company's strengths or weaknesses in the marketplace are vital to its credit assessment. These strengths and weaknesses determine an issuer's capacity to generate cash flows in order to service its obligations in a timely fashion.
21. Industry risk, an integral part of the credit analysis, addresses the relative health and stability of the markets in which a company operates. The range of industry risk assessments is: 1, very low risk; 2, low risk; 3, intermediate risk; 4, moderately high risk; 5, high risk; and 6, very high risk. The treatment of industry risk is in section B.
22. Country risk addresses the economic risk, institutional and governance effectiveness risk, financial system risk, and payment culture or rule of law risk in the countries in which a company operates. The range of country risk assessments is: 1, very low risk; 2, low risk; 3, intermediate risk; 4, moderately high risk; 5, high risk; and 6, very high risk. The treatment of country risk is in section C.
23. The evaluation of an enterprise's competitive position identifies entities that are best positioned to take advantage of key industry drivers or to mitigate associated risks more effectively--and achieve a competitive advantage and a stronger business risk profile than that of entities that lack a strong value proposition or are more vulnerable to industry risks. The range of competitive position assessments is: 1, excellent; 2, strong; 3, satisfactory; 4, fair; 5, weak;

and 6, vulnerable. The full treatment of competitive position is in section D.

24. The combined assessment for country risk and industry risk is known as the issuer's Corporate Industry and Country Risk Assessment (CICRA). Table 1 shows how to determine the combined assessment for country risk and industry risk.

**Table 1**

Determining The CICRA						
--Country risk assessment--						
Industry risk assessment	1 (very low risk)	2 (low risk)	3 (intermediate risk)	4 (moderately high risk)	5 (high risk)	6 (very high risk)
1 (very low risk)	1	1	1	2	4	5
2 (low risk)	2	2	2	3	4	5
3 (intermediate risk)	3	3	3	3	4	6
4 (moderately high risk)	4	4	4	4	5	6
5 (high risk)	5	5	5	5	5	6
6 (very high risk)	6	6	6	6	6	6

25. The CICRA is combined with a company's competitive position assessment in order to create the issuer's business risk profile assessment. Table 2 shows how we combine these assessments.

**Table 2**

Determining The Business Risk Profile Assessment						
--CICRA--						
Competitive position assessment	1	2	3	4	5	6
1 (excellent)	1	1	1	2	3*	5
2 (strong)	1	2	2	3	4	5
3 (satisfactory)	2	3	3	3	4	6
4 (fair)	3	4	4	4	5	6
5 (weak)	4	5	5	5	5	6
6 (vulnerable)	5	6	6	6	6	6

\*See paragraph 26.

26. A small number of companies with a CICRA of 5 may be assigned a business risk profile assessment of 2 if all of the following conditions are met:
- The company's competitive position assessment is 1.
  - The company's country risk assessment is no riskier than 3.
  - The company produces significantly better-than-average industry profitability, as measured by the level and volatility of profits.
  - The company's competitive position within its sector transcends its industry risks due to unique competitive advantages with its customers, strong operating efficiencies not enjoyed by the large majority of the industry, or scale/scope/diversity advantages that are well beyond the large majority of the industry.
27. For issuers with multiple business lines, the business risk profile assessment is based on our assessment of each of the factors--country risk, industry risk, and competitive position--as follows:

- Country risk: We use the weighted average of the country risk assessments for the company across all countries where companies generate more than 5% of sales or EBITDA, or where more than 5% of fixed assets are located.
- Industry risk: We use the weighted average of the industry risk assessments for all business lines representing more than 20% of the company's forecasted earnings, revenues or fixed assets, or other appropriate financial measures if earnings, revenue, or fixed assets do not accurately reflect the exposure to an industry.
- Competitive position: We assess all business lines identified above for the components competitive advantage, scope/scale/diversity, and operating efficiency (see section D). They are then blended using a weighted average of revenues, earnings, or assets to form the preliminary competitive position assessment. The level of profitability and volatility of profitability are then assessed based on the consolidated financials for the enterprise. The preliminary competitive position assessment is then blended with the profitability assessment, as per section D.5, to assess competitive position for the enterprise.

## 2. Determining the financial risk profile assessment

28. Under the criteria, cash flow/leverage analysis is the foundation for assessing a company's financial risk profile. The range of assessments for a company's cash flow/leverage is 1, minimal; 2, modest; 3, intermediate; 4, significant; 5, aggressive; and 6, highly leveraged. The full treatment of cash flow/leverage analysis is the subject of section E.

## 3. Merger of financial risk profile and business risk profile assessments

29. An issuer's business risk profile assessment and its financial risk profile assessment are combined to determine its anchor (see table 3). If we view an issuer's capital structure as unsustainable or if its obligations are currently vulnerable to nonpayment, and if the obligor is dependent upon favorable business, financial, and economic conditions to meet its commitments on its obligations, then we will determine the issuer's SACP using "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. If the issuer meets the conditions for assigning 'CCC+', 'CCC', 'CCC-', and 'CC' ratings, we will not apply Table 3.

**Table 3**

### Combining The Business And Financial Risk Profiles To Determine The Anchor

Business risk profile	--Financial risk profile--					
	1 (minimal)	2 (modest)	3 (intermediate)	4 (significant)	5 (aggressive)	6 (highly leveraged)
1 (excellent)	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
2 (strong)	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
3 (satisfactory)	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
4 (fair)	bbb/bbb-	bbb-	bb+	bb	bb-	b
5 (weak)	bb+	bb+	bb	bb-	b+	b/b-
6 (vulnerable)	bb-	bb-	bb-/b+	b+	b	b-

30. When two anchor outcomes are listed for a given combination of business risk profile assessment and financial risk profile assessment, an issuer's anchor is determined as follows:
- When a company's financial risk profile is 4 or stronger (meaning, 1-4), its anchor is based on the comparative strength of its business risk profile. We consider our assessment of the business risk profile for corporate issuers to be points along a possible range. Consequently, each of these assessments that ultimately generate the business risk profile for a specific issuer can be at the upper or lower end of such a range. Issuers with stronger business risk profiles for the range of anchor outcomes will be assigned the higher anchor. Those with a weaker business risk profile for the range of anchor outcomes will be assigned the lower anchor.



- When a company's financial risk profile is 5 or 6, its anchor is based on the comparative strength of its financial risk profile. Issuers with stronger cash flow/leverage ratios for the range of anchor outcomes will be assigned the higher anchor. Issuers with weaker cash flow/leverage ratios for the range of anchor outcomes will be assigned the lower anchor. For example, a company with a business risk profile of (1) excellent and a financial risk profile of (6) highly leveraged would generally be assigned an anchor of 'bb+' if its ratio of debt to EBITDA was 8x or greater and there were no offsetting factors to such a high level of leverage.

#### 4. Building on the anchor

31. The analysis of diversification/portfolio effect, capital structure, financial policy, liquidity, and management and governance may raise or lower a company's anchor. The assessment of each modifier can raise or lower the anchor by one or more notches—or have no effect in some cases (see tables 4 and 5). We express these conclusions using specific assessments and descriptors that determine the number of notches to apply to the anchor. However, this notching in aggregate can't lower an issuer's anchor below 'b-' (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012, for the methodology we use to assign 'CCC' and 'CC' category SACPs and ICRs to issuers).
32. The analysis of the modifier diversification/portfolio effect identifies the benefits of diversification across business lines. The diversification/portfolio effect assessments are 1, significant diversification; 2, moderate diversification; and 3, neutral. The impact of this factor on an issuer's anchor is based on the company's business risk profile assessment and is described in Table 4. Multiple earnings streams (which are evaluated within a firm's business risk profile) that are less-than-perfectly correlated reduce the risk of default of an issuer (see Appendix D). We determine the impact of this factor based on the business risk profile assessment because the benefits of diversification are significantly reduced with poor business prospects. The full treatment of diversification/portfolio effect analysis is the subject of section F.

**Table 4**

Modifier Step 1: Impact Of Diversification/Portfolio Effect On The Anchor						
--Business risk profile assessment--						
Diversification/portfolio effect	1 (excellent)	2 (strong)	3 (satisfactory)	4 (fair)	5 (weak)	6 (vulnerable)
1 (significant diversification)	+2 notches	+2 notches	+2 notches	+1 notch	+1 notch	0 notches
2 (moderate diversification)	+1 notch	+1 notch	+1 notch	+1 notch	0 notches	0 notches
3 (neutral)	0 notches	0 notches	0 notches	0 notches	0 notches	0 notches

33. After we adjust for the diversification/portfolio effect, we determine the impact of the other modifiers: capital structure, financial policy, liquidity, and management and governance. We apply these four modifiers in the order listed in Table 5. As we go down the list, a modifier may (or may not) change the anchor to a new range (one of the ranges in the four right-hand columns in the table). We'll choose the appropriate value from the new range, or column, to determine the next modifier's effect on the anchor. And so on, until we get to the last modifier on the list—management and governance. For example, let's assume that the anchor, after adjustment for diversification/portfolio effect but before adjusting for the other modifiers, is 'a'. If the capital structure assessment is very negative, the indicated anchor drops two notches, to 'bbb+'. So, to determine the impact of the next modifier—financial policy—we go to the column 'bbb+ to bbb-' and find the appropriate assessment—in this theoretical example, positive. Applying that assessment moves the anchor up one notch, to the 'a- and higher' category. In our example, liquidity is strong, so the impact is zero notches and the anchor remains unchanged. Management and

governance is satisfactory, and thus the anchor remains 'a-' (see chart following table 5).

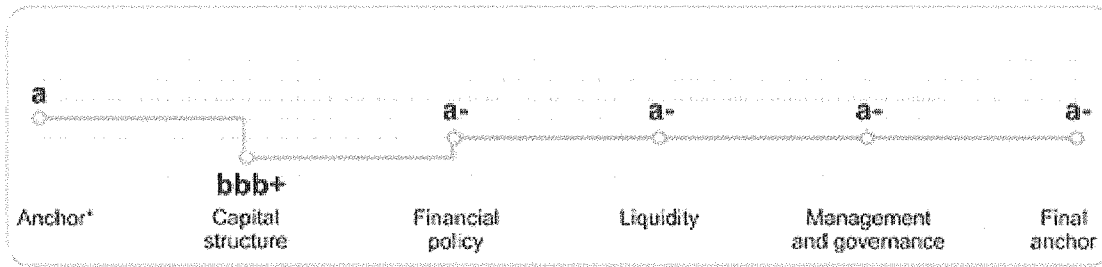
Table 5

**Modifier Step 2: Impact Of Remaining Modifier Factors On The Anchor**

Factor/Assessment	--Anchor range--			
	'a-' and higher	'bbb+' to 'bbb-'	'bb+' to 'bb-'	'b+' and lower
<b>Capital structure (see section G)</b>				
1 (Very positive)	2 notches	2 notches	2 notches	2 notches
2 (Positive)	1 notch	1 notch	1 notch	1 notch
3 (Neutral)	0 notches	0 notches	0 notches	0 notches
4 (Negative)	-1 notch	-1 notch	-1 notch	-1 notch
5 (Very negative)	-2 or more notches	-2 or more notches	-2 or more notches	-2 notches
<b>Financial policy (FP; see section H)</b>				
1 (Positive)	+1 notch if M&G is at least satisfactory	+1 notch if M&G is at least satisfactory	+1 notch if liquidity is at least adequate and M&G is at least satisfactory	+1 notch if liquidity is at least adequate and M&G is at least satisfactory
2 (Neutral)	0 notches	0 notches	0 notches	0 notches
3 (Negative)	-1 to -3 notches(1)	-1 to -3 notches(1)	-1 to -2 notches(1)	-1 notch
4 (FS-4, FS-5, FS-6, FS-6 [minus])	N/A(2)	N/A(2)	N/A(2)	N/A(2)
<b>Liquidity (see section I)</b>				
1 (Exceptional)	0 notches	0 notches	0 notches	+1 notch if FP is positive, neutral, FS-4, or FS-5 (3)
2 (Strong)	0 notches	0 notches	0 notches	+1 notch if FP is positive, neutral, FS-4, or FS-5 (3)
3 (Adequate)	0 notches	0 notches	0 notches	0 notches
4 (Less than adequate [4])	N/A	N/A	-1 notch(5)	0 notches
5 (Weak)	N/A	N/A	N/A	'b-' cap on SACP
<b>Management and governance (M&amp;G; see section J)</b>				
1 (Strong)	0 notches	0 notches	0, +1 notches(6)	0, +1 notches(6)
2 (Satisfactory)	0 notches	0 notches	0 notches	0 notches
3 (Fair)	-1 notch	0 notches	0 notches	0 notches
4 (Weak)	-2 or more notches(7)	-2 or more notches(7)	-1 or more notches(7)	-1 or more notches(7)

(1) Number of notches depends on potential incremental leverage. (2) See "Financial Policy," section H.2. (3) Additional notch applies only if we expect liquidity to remain exceptional or strong. (4) See "Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers," published Nov. 19, 2013. SACP is capped at 'bb+.' (5) If issuer SACP is 'bb+' due to cap, there is no further notching. (6) This adjustment is one notch if we have not already captured benefits of strong management and governance in the analysis of the issuer's competitive position. (7) Number of notches depends upon the degree of negative effect to the enterprise's risk profile.

## Example: How Remaining Modifiers Can Change The Anchor



\*After adjusting for diversification/portfolio effect. See paragraph 33.

34. Our analysis of a firm's capital structure assesses risks in the firm's capital structure that may not arise in the review of its cash flow/leverage. These risks include the currency risk of debt, debt maturity profile, interest rate risk of debt, and an investments subfactor. We assess a corporate issuer's capital structure on a scale of 1, very positive; 2, positive; 3, neutral; 4, negative; and 5, very negative. The full treatment of capital structure is the subject of section G.
35. Financial policy serves to refine the view of a company's risks beyond the conclusions arising from the standard assumptions in the cash flow/leverage, capital structure, and liquidity analyses. Those assumptions do not always reflect or adequately capture the long-term risks of a firm's financial policy. The financial policy assessment is, therefore, a measure of the degree to which owner/managerial decision-making can affect the predictability of a company's financial risk profile. We assess financial policy as 1) positive, 2) neutral, 3) negative, or as being owned by a financial sponsor. We further identify financial sponsor-owned companies as "FS-4", "FS-5", "FS-6", or "FS-6 (minus)." The full treatment of financial policy analysis is the subject of section H.
36. Our assessment of liquidity focuses on the monetary flows--the sources and uses of cash--that are the key indicators of a company's liquidity cushion. The analysis also assesses the potential for a company to breach covenant tests tied to declines in earnings before interest, taxes, depreciation, and amortization (EBITDA). The methodology incorporates a qualitative analysis that addresses such factors as the ability to absorb high-impact, low-probability events, the nature of bank relationships, the level of standing in credit markets, and the degree of prudence of the company's financial risk management. The liquidity assessments are 1, exceptional; 2, strong; 3, adequate; 4, less than adequate; and 5, weak. An SACP is capped at 'bb+' for issuers whose liquidity is less than adequate and 'b-' for issuers whose liquidity is weak, regardless of the assessment of any modifiers or comparable ratings analysis. (For the complete methodology on assessing corporate issuers' liquidity, see "Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers," published Nov. 19, 2013.)
37. The analysis of management and governance addresses how management's strategic competence, organizational effectiveness, risk management, and governance practices shape the company's competitiveness in the marketplace, the strength of its financial risk management, and the robustness of its governance. The range of management and governance assessments is: 1, strong; 2, satisfactory; 3, fair; and 4, weak. Typically, investment-grade anchor outcomes reflect strong or satisfactory management and governance, so there is no incremental benefit. Alternatively, a fair or weak assessment of management and governance can lead to a lower anchor. Also, a strong assessment for management and governance for a weaker entity is viewed as a favorable factor, under the criteria, and can have a

positive impact on the final SACP outcome. For the full treatment of management and governance, see "Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers," published Nov. 13, 2012.

### 5. Comparable ratings analysis

38. The anchor, after adjusting for the modifiers, could change one notch up or down in order to arrive at an issuer's SACP based on our comparable ratings analysis, which is a holistic review of a company's stand-alone credit risk profile, in which we evaluate an issuer's credit characteristics in aggregate. A positive assessment leads to a one-notch improvement, a negative assessment leads to a one-notch reduction, and a neutral assessment indicates no change to the anchor. The application of comparable ratings analysis reflects the need to 'fine-tune' ratings outcomes, even after the use of each of the other modifiers. A positive or negative assessment is therefore likely to be common rather than exceptional.

## B. Industry Risk

39. The analysis of industry risk addresses the major factors that Standard & Poor's believes affect the risks that entities face in their respective industries. (See "Methodology: Industry Risk," published Nov. 19, 2013.)

## C. Country Risk

40. The analysis of country risk addresses the major factors that Standard & Poor's believes affect the country where entities operate. Country risks, which include economic, institutional and governance effectiveness, financial system, and payment culture/rule of law risks, influence overall credit risks for every rated corporate entity. (See "Country Risk Assessment Methodology And Assumptions," published Nov. 19, 2013.)

### 1. Assessing country risk for corporate issuers

41. The following paragraphs explain how the criteria determine the country risk assessment for a corporate entity. Once it's determined, we combine the country risk assessment with the issuer's industry risk assessment to calculate the issuer's CICRA (see section A, table 1). The CICRA is one of the factors of the issuer's business risk profile. If an issuer has very low to intermediate exposure to country risk, as represented by a country risk assessment of 1, 2, or 3, country risk is neutral to an issuer's CICRA. But if an issuer has moderately high to very high exposure to country risk, as represented by a country risk assessment of 4, 5, or 6, the issuer's CICRA could be influenced by its country risk assessment.
42. Corporate entities operating within a single country will receive a country risk assessment for that jurisdiction. For entities with exposure to more than one country, the criteria prospectively measure the proportion of exposure to each country based on forecasted EBITDA, revenues, or fixed assets, or other appropriate financial measures if EBITDA, revenue, or fixed assets do not accurately reflect the exposure to that jurisdiction.
43. Arriving at a company's blended country risk assessment involves multiplying its weighted-average exposures for each country by each country's risk assessment and then adding those numbers. For the weighted-average calculation, the criteria consider countries where the company generates more than 5% of its sales or where more than 5% of its fixed assets are located, and all weightings are rounded to the nearest 5% before averaging. We round the assessment to the

nearest integer, so a weighted assessment of 2.2 rounds to 2, and a weighted assessment of 2.6 rounds to 3 (see table 6).

**Table 6**

<b>Hypothetical Example Of Weighted-Average Country Risk For A Corporate Entity</b>			
<b>Country</b>	<b>Weighting (% of business*)</b>	<b>Country risk§</b>	<b>Weighted country risk</b>
Country A	45	1	0.45
Country B	20	2	0.4
Country C	15	1	0.15
Country D	10	4	0.4
Country E	10	2	0.2
Weighted-average country risk assessment (rounded to the nearest whole number)	--	--	2

\*Using EBITDA, revenues, fixed assets, or other financial measures as appropriate. §On a scale from 1-6, lowest to highest risk.

44. A weak link approach, which helps us calculate a blended country risk assessment for companies with exposure to more than one country, works as follows: If fixed assets are based in a higher-risk country but products are exported to a lower-risk country, the company's exposure would be to the higher-risk country. Similarly, if fixed assets are based in a lower-risk country but export revenues are generated from a higher-risk country and cannot be easily redirected elsewhere, we measure exposure to the higher-risk country. If a company's supplier is located in a higher-risk country, and its supply needs cannot be easily redirected elsewhere, we measure exposure to the higher-risk country. Conversely, if the supply chain can be re-sourced easily to another country, we would not measure exposure to the higher risk country.
45. Country risk can be mitigated for a company located in a single jurisdiction in the following narrow case. For a company that exports the majority of its products overseas and has no direct exposure to a country's banking system that would affect its funding, debt servicing, liquidity, or ability to transfer payments from or to its key counterparties, we could reduce the country risk assessment by one category (e.g., 5 to 4) to determine the adjusted country risk assessment. This would only apply for countries where we considered the financial system risk subfactor a constraint on the overall country risk assessment for that country. For such a company, other country risks are not mitigated: Economic risk still applies, albeit less of a risk than for a company that sells domestically (potential currency volatility remains a risk for exporters); institutional and governance effectiveness risk still applies (political risk may place assets at risk); and payment culture/rule of law risk still applies (legal risks may place assets and cross-border contracts at risk).
46. Companies will often disclose aggregated information for blocks of countries, rather than disclosing individual country information. If the information we need to estimate exposure for all countries is not available, we use regional risk assessments. Regional risk assessments are calculated as averages of the unadjusted country risk assessments, weighted by gross domestic product of each country in a defined region. The criteria assess regional risk on a 1-6 scale (strongest to weakest). Please see Appendix A, Table 26, which lists the constituent countries of the regions.
47. If an issuer does not disclose its country-level exposure or regional-level exposure, individual country risk exposures or regional exposures will be estimated.

## 2. Adjusting the country risk assessment for diversity

48. We will adjust the country risk assessment for a company that operates in multiple jurisdictions and demonstrates a high degree of diversity of country risk exposures. As a result of this diversification, the company could have less exposure to country risk than the rounded weighted average of its exposures might indicate. Accordingly, the country risk assessment for a corporate entity could be adjusted if an issuer meets the conditions outlined in paragraph 49.
49. The preliminary country risk assessment is raised by one category to reflect diversity if all of the following four conditions are met:
- If the company's head office, as defined in paragraph 51, is located in a country with a risk assessment stronger than the preliminary country risk assessment;
  - If no country, with a country risk assessment equal to or weaker than the company's preliminary country risk assessment, represents or is expected to represent more than 20% of revenues, EBITDA, fixed assets, or other appropriate financial measures;
  - If the company is primarily funded at the holding level, or through a finance subsidiary in a similar or stronger country risk environment than the holding company, or if any local funding could be very rapidly substituted at the holding level; and
  - If the company's industry risk assessment is '4' or stronger.
50. The country risk assessment for companies that have 75% or more exposure to one jurisdiction cannot be improved and will, in most instances, equal the country risk assessment of that jurisdiction. But the country risk assessment for companies that have 75% or more exposure to one jurisdiction can be weakened if the balance of exposure is to higher risk jurisdictions.
51. We consider the location of a corporate head office relevant to overall risk exposure because it influences the perception of a company and its reputation--and can affect the company's access to capital. We determine the location of the head office on the basis of 'de facto' head office operations rather than just considering the jurisdiction of incorporation or stock market listing for public companies. De facto head office operations refers to the country where executive management and centralized high-level corporate activities occur, including strategic planning and capital raising. If such activities occur in different countries, we take the weakest country risk assessment applicable for the countries in which those activities take place.

## D. Competitive Position

52. Competitive position encompasses company-specific factors that can add to, or partly offset, industry risk and country risk--the two other major factors of a company's business risk profile.
53. Competitive position takes into account a company's: 1) competitive advantage, 2) scale, scope, and diversity, 3) operating efficiency, and 4) profitability. A company's strengths and weaknesses on the first three components shape its competitiveness in the marketplace and the sustainability or vulnerability of its revenues and profit. Profitability can either confirm our initial assessment of competitive position or modify it, positively or negatively. A stronger-than-industry-average set of competitive position characteristics will strengthen a company's business risk profile. Conversely, a weaker-than-industry-average set of competitive position characteristics will weaken a

company's business risk profile.

54. These criteria describe how we develop a competitive position assessment. They provide guidance on how we assess each component based on a number of subfactors. The criteria define the weighting rules applied to derive a preliminary competitive position assessment. And they outline how this preliminary assessment can be maintained, raised, or lowered based on a company's profitability. Standard & Poor's competitive position analysis is both qualitative and quantitative.

### **1. The components of competitive position**

55. A company's competitive position assessment can be: 1, excellent; 2, strong; 3, satisfactory; 4, fair; 5, weak; or 6, vulnerable.
56. The analysis of competitive position includes a review of:
- Competitive advantage;
  - Scale, scope, and diversity;
  - Operating efficiency; and
  - Profitability.
57. We follow four steps to arrive at the competitive position assessment. First, we separately assess competitive advantage; scale, scope, and diversity; and operating efficiency (excluding any benefits or risks already captured in the issuer's CICRA assessment). Second, we apply weighting factors to these three components to derive a weighted-average assessment that translates into a preliminary competitive position assessment. Third, we assess profitability. Finally, we combine the preliminary competitive position assessment and the profitability assessment to determine the final competitive position assessment. Profitability can confirm, or influence positively or negatively, the competitive position assessment.
58. We assess the relative strength of each of the first three components by reviewing a variety of subfactors (see table 7). When quantitative metrics are relevant and available, we use them to evaluate these subfactors. However, our overall assessment of each component is qualitative. Our evaluation is forward-looking; we use historical data only to the extent that they provide insight into future trends.
59. We evaluate profitability by assessing two subcomponents: level of profitability (measured by historical and projected nominal levels of return on capital, EBITDA margin, and/or sector-specific metrics) and volatility of profitability (measured by historically observed and expected fluctuations in EBITDA, return on capital, EBITDA margin, or sector specific metrics). We assess both subcomponents in the context of the company's industry.

Table 7

### Competitive Position Components And Subfactors

Component	Explanation	Subfactors
1. Competitive advantage (see Appendix B, section 1)	The strategic positioning and attractiveness to customers of a company's products or services, and the fragility or sustainability of its business model	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Differentiation/uniqueess/product positioning/bundling</li> <li>• Brand reputation and marketing</li> <li>• Product and/or service quality</li> <li>• Barriers to entry and customers' switching costs</li> <li>• Technological advantage and capabilities and vulnerability to/ability to drive technological displacement</li> <li>• Asset base characteristics</li> </ul>
2. Scale, scope, and diversity (see Appendix B, section 2)	The concentration or diversification of business activities	<ul style="list-style-type: none"> <li>• Diversity of products or services</li> <li>• Geographic diversity</li> <li>• Volumes, size of markets and revenues, and market share</li> <li>• Maturity of products or services</li> </ul>
3. Operating efficiency (see Appendix B, section 3)	The quality and flexibility of a company's asset base and its cost management and structure	<ul style="list-style-type: none"> <li>• Cost structure</li> <li>• Manufacturing processes</li> <li>• Working capital management</li> <li>• Technology</li> </ul>
4. Profitability		<ul style="list-style-type: none"> <li>• Level of profitability (historical and projected return on capital, EBITDA margin, and/or sector-relevant measure)</li> <li>• Volatility of profitability</li> </ul>

© Standard & Poor's 2013.

## 2. Assessing competitive advantage, scale, scope, and diversity, and operating efficiency

60. We assess competitive advantage; scale, scope, and diversity; and operating efficiency as: 1, strong; 2, strong/adequate; 3, adequate; 4, adequate/weak; or 5, weak. Tables 8, 9, and 10 provide guidance for assessing each component.
61. In assessing the components' relative strength, we place significant emphasis on comparative analysis. Peer comparisons provide context for evaluating the subfactors and the resulting component assessment. We review company-specific characteristics in the context of the company's industry, not just its narrower subsector. (See list of industries and subsectors in Appendix B, table 27.) For example, when evaluating an airline, we will benchmark the assessment against peers in the broader transportation-cyclical industry (including the marine and trucking subsectors), and not just against other airlines. Likewise, we will compare a home furnishing manufacturer with other companies in the consumer durables industry, including makers of appliances or leisure products. We might occasionally extend the comparison to other industries if, for instance, a company's business lines cross several industries, or if there are a limited number of rated peers in an industry, subsector, or region.



62. An assessment of strong means that the company's strengths on that component outweigh its weaknesses, and that the combination of relevant subfactors results in lower-than-average business risk in the industry. An assessment of adequate means that the company's strengths and weaknesses with respect to that component are balanced and that the relevant subfactors add up to average business risk in the industry. A weak assessment means that the company's weaknesses on that component override any strengths and that its subfactors, in total, reveal higher-than-average business risk in the industry.
63. Where a component is not clearly strong or adequate, we may assess it as strong/adequate. A component that is not clearly adequate or weak may end up as adequate/weak.
64. Although we review each subfactor, we don't assess each individually--and we seek to understand how they may reinforce or weaken each other. A component's assessment combines the relative strengths and importance of its subfactors. For any company, one or more subfactors can be unusually important--even factors that aren't common in the industry. Industry KCF articles identify subfactors that are consistently more important, or happen not to be relevant, in a given industry.
65. Not all subfactors may be equally important, and a single one's strength or weakness may outweigh all the others. For example, if notwithstanding a track record of successful product launches and its strong brand equity, a company's strategy doesn't appear adaptable, in our view, to changing competitive dynamics in the industry, we will likely not assess its competitive advantage as strong. Similarly, if its revenues came disproportionately from a narrow product line, we might view this as compounding its risk of exposure to a small geographic market and, thus, assess its scale, scope, and diversity component as weak.
66. From time to time companies will, as a result of shifting industry dynamics or strategies, expand or shrink their product or service lineups, alter their cost structures, encounter new competition, or have to adapt to new regulatory environments. In such instances, we will reevaluate all relevant subfactors (and component assessments).

Table 8

## Competitive Advantage Assessment

Qualifier	What it means	Guidance
Strong	<ul style="list-style-type: none"> <li>The company has a major competitive advantage due to one or a combination of factors that supports revenue and profit growth, combined with lower-than-average volatility of profits.</li> <li>There are strong prospects that the company can sustain this advantage over the long term.</li> <li>This should enable the company to withstand economic downturns and competitive and technological threats better than its competitors can.</li> <li>Any weaknesses in one or more subfactors are more than offset by strengths in other subfactors that produce sustainable and profitable revenue growth.</li> </ul>	<ul style="list-style-type: none"> <li>The company's business strategy is highly consistent with, and adaptable to, industry trends and conditions and supports its leadership in the marketplace.</li> <li>It consistently develops and markets well-differentiated products or services, aligns products with market demand, and enhances the attractiveness or uniqueness of its value proposition through bundling.</li> <li>Its superior track record of product development, service quality, and customer satisfaction and retention support its ability to maintain or improve its market share.</li> <li>Its products or services command a clear price premium relative to its competitors' thanks to its brand equity, technological leadership, or quality of service; it is able to sustain this advantage with innovation and effective marketing.</li> <li>It benefits from barriers to entry from regulation, market characteristics, or intrinsic benefits (such as patents, technology, or customer relationships) that effectively reduce the threat of new competition.</li> <li>It has demonstrated a commitment and ability to effectively reinvest in its asset base, as evidenced by a continuous pipeline of new products and/or improvement in key capabilities, such as employee retention, customer care, distribution, and supplier relations. These tangible and intangible assets support long term prospects of sustainable and profitable growth.</li> </ul>
Adequate	<ul style="list-style-type: none"> <li>The company has some competitive advantages, but not so large as to create a superior business model or durable benefit compared to its peers'.</li> <li>It has some but not all drivers of competitiveness. Certain factors support the business' long-term viability and should result in average profitability and average profit volatility during recessions or periods of increased competition. However, these drivers are partially offset by the company's disadvantages or lack of sustainability of other factors.</li> </ul>	<ul style="list-style-type: none"> <li>The company's strategy is well adapted to marketplace conditions, but it is not necessarily a leader in setting industry trends.</li> <li>It exhibits neither superior nor subpar abilities with respect to product or service differentiation and positioning.</li> <li>Its products command no price premium or advantage relative to competing brands as a result of its brand equity or its technological positioning.</li> <li>It may enjoy some barriers to entry that provide some defense against competitors but don't overpower them. It faces some risk of product/service displacement or substitution longer term.</li> <li>Its metrics of product or service quality and customer satisfaction or retention are in line with its industry's average. The company could lose customers to competitors if it makes operational missteps.</li> <li>Its asset profile does not exhibit particularly superior or inferior characteristics compared to other industry participants. These assets generate consistent revenue and profit growth although long-term prospects are subject to some uncertainty.</li> </ul>

## Weak

- The company has few, if any, competitive advantages and a number of competitive disadvantages.
- Because the company lacks many competitive advantages, its long-term prospects are uncertain, and its profit volatility is likely to be higher than average for its industry.
- The company is less likely than its competitors to withstand economic, competitive, or technological threats.
- Alternatively, the company has weaknesses in one or more subfactors that could keep its profitability below average and its profit volatility above average during economic downturns or periods of increased competition.
- The company's strategy is inconsistent with, or not well adapted to, marketplace trends and conditions.
- There is evidence of little innovation, slowness in developing and marketing new products, an inability to raise prices, and/or ineffective bundling.
- Its products generally enjoy no price premium relative to competing brands and it often has to sell its products at a lower price than its peers can command.
- It has suffered or is at risk of suffering customer defections due to falling quality and because customers perceive its products or services to be less valuable than those of its competitors.
- Its revenues and market shares are vulnerable to aggressive pricing by existing or new competitors or to technological displacement risks over the near to medium term.
- Its metrics of product or service quality and customer satisfaction or retention are weaker than the industry average.
- Its reinvestment in its business is lower than its peers', its ability to retain operational talent is limited, its distribution network is inefficient, and its revenue could stagnate or decline as result.

© Standard & Poor's 2013.

Table 9

### Scale, Scope, And Diversity

Qualifier	What It means	Guidance
Strong	<ul style="list-style-type: none"> <li>The company's overall scale, scope, and diversity supports stable revenues and profits by rendering it essentially invulnerable to all but the most disruptive combinations of adverse factors, events, or trends.</li> <li>Its significant advantages in scale, scope, and diversity enable it to withstand economic, regional, competitive, and technological threats better than its competitors can.</li> </ul>	<ul style="list-style-type: none"> <li>The company's range of products or services is among the most comprehensive in its sector. It derives its revenue and profits from a broader set of products or services than the industry average.</li> <li>Its products and services enjoy industry-leading market shares relative to other participants in its industry.</li> <li>It does not rely on a particular customer or small group of customers. If it does, the customer(s) is/are of high credit quality, their demand is highly sustainable, or the company and its customer(s) have significant interdependence.</li> <li>It does not depend on any particular supplier or related group of suppliers that it could not easily replace. If it does, the supplier(s) is/are of high credit quality, or the company and its supplier(s) have significant interdependence.</li> <li>It enjoys broader geographic diversity than its peers and doesn't overly depend on a single regional or local market. If it does, the market is local, often for regulatory reasons. The company's production or service centers are diversified across several locations.</li> <li>It holds a strategic investment that provides positive business diversification.</li> </ul>
Adequate	<ul style="list-style-type: none"> <li>The company's overall scale, scope, and diversity is comparable to its peers'.</li> <li>Its ability to withstand economic, competitive, or technological threats is comparable to the ability of others within its sector.</li> </ul>	<ul style="list-style-type: none"> <li>The company has a broad range of products or services compared with its competitors and doesn't depend on a particular product or service for the majority of its revenues and profits.</li> <li>Its market share is average compared with that of its competitors.</li> <li>Its dependence on or concentration of key customers is no higher than the industry average, and the loss of a top customer would be unlikely to pose a high risk to its business stability.</li> <li>It isn't overly dependent on any supplier or regional group of suppliers that it couldn't easily replace.</li> <li>It doesn't depend excessively on a single local or regional market, and its geographic footprint of production and revenue compares with that of other industry participants.</li> </ul>

Weak	<ul style="list-style-type: none"> <li>The company's lack of scale, scope, and diversity compromises the stability and sustainability of its revenues and profits.</li> <li>The company's vulnerability to, or reliance on, various elements of scale, scope, and diversity leaves it less likely than its competitors to withstand economic, competitive, or technological threats.</li> </ul>	<ul style="list-style-type: none"> <li>The company's product or service lineup is somewhat limited compared to those of its sector peers. The company derives its profits from a narrow group of products or services, and has not achieved significant market share compared with its peers.</li> <li>Demand for its products or services is lower than for its competitors', and this trend isn't improving.</li> <li>It relies heavily on a particular customer or small group of customers, and the characteristics of the customer base do not mitigate this risk.</li> <li>It depends on a particular supplier or group of suppliers, which it would not be able to easily replace without incurring high switching costs.</li> <li>It depends disproportionately on a single local or regional economy for selling its goods or services, and the company's industry is global.</li> <li>Key production assets are concentrated by location, and the company has limited ability to quickly replace them without incurring high costs relative to its profits.</li> </ul>
------	---	--

© Standard & Poor's 2013.

Table 10

### Operating Efficiency Assessment

Qualifier	What it means	Guidance
Strong	<ul style="list-style-type: none"> <li>The company maximizes revenues and profits via intelligent use of assets and by minimizing costs and increasing efficiency.</li> <li>The company's cost structure should enable it to withstand economic downturns better than its peers.</li> </ul>	<ul style="list-style-type: none"> <li>The company has a lower cost structure than its peers resulting in higher profits or margins even if capacity utilization or demand are well below ideal levels and during down economic and industry cycles.</li> <li>It has demonstrated its ability to efficiently manage fixed and variable costs in cyclical downturns, and has a history of successful and often ongoing cost reductions programs.</li> <li>Its capacity utilization is close to optimal at the peak of the industry cycle and outperforms the industry average over the cycle.</li> <li>It has demonstrated that it can pass along increases in input costs and we expect this will continue.</li> <li>It has a very high ability to adjust production and labor costs in response to changes in demand without repercussions for product quality, or has demonstrated the ability to operate very profitably in a more costly or less flexible labor environment.</li> <li>Its suppliers have demonstrated an ability to meet swings in demand without causing bottlenecks or quality issues, and can absorb all but the most severe supply chain disruptions.</li> <li>It has superior working capital management, as evidenced by a consistently better-than-average "cash conversion cycle" and other working capital metrics, supporting higher cash flow and lower funding costs.</li> <li>Its investments in technology are likely to increase revenue growth and/or improve its cost structure and operating efficiency.</li> </ul>

- Adequate**
- A combination of cost structure and efficiency should support sustainable profits with average profit volatility relative to the company's peers. Its cost structure is similar to its peers'.
  - The company has demonstrated the ability to manage some fixed and most variable costs except during periods of extremely weak demand, and has some history of cutting costs in good and bad times.
  - Its cost structure permits some profitability even if capacity utilization or customer demand is well below ideal levels. The company can at least break even during most of the industry/demand cycle.
  - Its cost structure is in line with its peers'. For example, its selling, general, and administrative (SG&A) expense as a percent of revenue is similar to its peers' and is likely to be stable.
  - It has demonstrated an ability to adjust labor costs in most scenarios without hurting product output and quality, or can operate profitably in a more costly or less flexible labor environment; it has some success passing on input cost increases, although perhaps only partially or with time lag.
  - Its suppliers have met typical swings in demand without causing widespread bottlenecks or quality issues, and the company has some capacity to withstand limited supply chain disruptions.
  - It has good working capital management, evidenced by its cash conversion cycle and working capital metrics that are on par with its peers'.
  - Its investments in technology are likely to help it at least maintain its cost structure and current level of operating efficiency.

- 
- Weak**
- The company's operating efficiency leaves it with lower profitability than its peers' due to lower asset utilization and/or a higher, less flexible cost structure.
  - The company's cost structure permits better-than-marginal profitability only if capacity utilization is at the top of the cycle or during periods of strong demand. The company needs solid and sustained industry conditions to generate fair profitability.
  - It has limited success or capability of managing fixed costs and even most typically variable costs are fixed in the next two to three years.
  - It has a limited track record of successful cost reductions, such as reducing labor costs in the face of swings in demand, or it has limited ability to pass along increases in input costs.
  - Its costs are higher than its peers'. For example, the company's SG&A expense as a percent of revenue is above that of its peers, and likely to remain so.
  - Its suppliers may face bottlenecks or quality issues in the event of modest swings in demand, or have limited technological capabilities. There is evidence that a limited supply chain disruption would make it difficult for suppliers to meet their commitments to the company.
  - Its working capital management is weak, as evidenced by working capital metrics that are significantly worse than those of its peers, resulting in lower cash flow and higher funding costs.
  - It lacks investments in technology, which could hurt its revenue growth and/or result in a higher cost structure and less efficient operations relative to its peers'.

### 3. Determining the preliminary competitive position assessment: Competitive position group profile and category weightings

67. After assessing competitive advantage; scale, scope, and diversity; and operating efficiency, we determine a company's preliminary competitive position assessment by ascribing a specific weight to each component. The weightings depend on the company's Competitive Position Group Profile (CPGP).
68. There are six possible CPGPs: 1) services and product focus, 2) product focus/scale driven, 3) capital or asset focus, 4) commodity focus/cost driven, 5) commodity focus/scale driven, and 6) national industry and utilities (see table 11 for definitions and characteristics).

**Table 11**

Competitive Position Group Profile (CPGP)		
	Definition and characteristics	Examples
Services and product focus	Brands, product quality or technology, and service reputation are typically key differentiating factors for competing in the industry. Capital intensity is typically low to moderate, although supporting the brand often requires ongoing reinvestment in the asset base.	Typically, these are companies in consumer-facing light manufacturing or service industries. Examples include branded drug manufacturers, software companies, and packaged food.
Product focus/scale driven	Product and geographic diversity, as well as scale and market position are key differentiating factors. Sophisticated technology and stringent quality controls heighten risk of product concentration. Product preferences or sales relationships are more important than branding or pricing. Cost structure is relatively unimportant.	The sector most applicable is medical device/equipment manufacturers, particularly at the higher end of the technology scale. These companies largely sell through intermediaries, as opposed to directly to the consumer.
Capital or asset focus	Sizable capital investments are generally required to sustain market position in the industry. Brand identification is of limited importance, although product and service quality often remain differentiating factors.	Heavy manufacturing industries typically fall into this category. Examples include telecom infrastructure manufacturers and semiconductor makers.
Commodity focus/cost driven	Cost position and efficiency of production assets are more important than size, scope, and diversification. Brand identification is of limited importance.	Typically, these are companies that manufacture products from natural resources that are used as raw materials by other industries. Examples include forest and paper products companies that harvest timber or produce pulp, packaging paper, or wood products.
Commodity focus/scale driven	Pure commodity companies have little product differentiation, and tend to compete on price and availability. Where present, brand recognition or product differences are secondary or of less importance.	Examples range from pure commodity producers and most oil and gas upstream producers, to some producers with modest product or brand differentiation, such as commodity foods.
National industries and utilities	Government policy or control, regulation, and taxation and tariff policies significantly affect the competitive dynamics of the industry (see paragraphs 72-73).	An example is a water-utility company in an emerging market.

69. The nature of competition and key success factors are generally prescribed by industry characteristics, but vary by company. Where service, product quality, or brand equity are important competitive factors, we'll give the competitive advantage component of our overall assessment a higher weighting. Conversely, if the company produces a commodity product, differentiation comes less into play, and we will more heavily weight scale, scope, and diversity as well as operating efficiency (see table 12).

**Table 12****Competitive Position Group Profiles (CPGPs) And Category Weightings**

Component	--(%)--					
	Services and product focus	Product focus/scale driven	Capital or asset focus	Commodity focus/cost driven	Commodity focus/scale driven	National industries and utilities
1. Competitive advantage	45	35	30	15	10	60
2. Scale, scope, and diversity	30	50	30	35	55	20
3. Operating efficiency	25	15	40	50	35	20
Total	100	100	100	100	100	100
Weighted-average assessment*	1.0-5.0	1.0-5.0	1.0-5.0	1.0-5.0	1.0-5.0	1.0-5.0

\*1 (strong), 2 (strong/adequate), 3 (adequate), 4 (adequate/weak), 5 (weak).

70. We place each of the defined industries (see Appendix B, table 27) into one of the six CPGPs (see above and Appendix B, table 27). This is merely a starting point for the analysis, since we recognize that some industries are less homogenous than others, and that company-specific strategies do affect the basis of competition.
71. In fact, the criteria allow for flexibility in selecting a company's group profile (with its category weightings). Reasons for selecting a profile different than the one suggested in the guidance table could include:
- The industry is heterogeneous, meaning that the nature of competition differs from one subsector to the next, and possibly even within subsectors. The KCF article for the industry will identify such circumstances.
  - A company's strategy could affect the relative importance of its key factors of competition.
72. For example, the standard CPGP for the telecom and cable industry is services and product focus. While this may be an appropriate group profile for carriers and service providers, an infrastructure provider may be better analyzed under the capital or asset focus group profile. Other examples: In the capital goods industry, a construction equipment rental company may be analyzed under the capital or asset focus group profile, owing to the importance of efficiently managing the capital spending cycle in this segment of the industry, whereas a provider of hardware, software, and services for industrial automation might be analyzed under the services and product focus group profile, if we believe it can achieve differentiation in the marketplace based on product performance, technology innovation, and service.
73. In some industries, the effects of government policy, regulation, government control, and taxation and tariff policies can significantly alter the competitive dynamics, depending on the country in which a company operates. That can alter our assessment of a company's competitive advantage; scale, size, and diversity; or operating efficiency. When industries in given countries have risks that differ materially from those captured in our global industry risk profile and assessment (see "Methodology: Industry Risk," published Nov. 19, 2013, section B), we will weight competitive advantage more heavily to capture the effect, positive or negative, on competitive dynamics. The assessment of competitive advantage; scale, size, and diversity; and operating efficiency will reflect advantages or disadvantages based on these national industry risk factors. Table 13 identifies the circumstances under which national industry risk factors are positive or negative.



Table 13

### National Industry Risk Factors

National industry risk factors are positive	<ul style="list-style-type: none"> <li>• Government policy including regulation, ownership, and taxation is supportive and has a good track record of mitigating risks to the stability of industry margins.</li> <li>• Any government ownership, tariff, and taxation policy supports growth prospects for revenues and profit generation.</li> <li>• There is very little discernible risk of negative policy, regulatory, ownership, or taxation changes that could threaten business stability.</li> </ul>
National industry risk factors are negative	<ul style="list-style-type: none"> <li>• Government policy and regulation has a weak track record of stabilizing margins and reducing industry risks.</li> <li>• Any government ownership, tariff, and taxation policy undermine growth prospects for revenues and profit generation.</li> <li>• There is an increasing risk of negative policy, ownership, and taxation changes that could undermine industry stability.</li> </ul>

© Standard & Poor's 2013.

74. When national industry risk factors are positive for a company, typically they support revenue growth, profit growth, higher EBITDA margins, and/or lower-than-average volatility of profits. Often, these benefits provide barriers to entry that impede or even bar new market entrants, which should be reflected in the competitive advantage assessment. These benefits may also include risk mitigants that enable a company to withstand economic downturns and competitive and technological threats better in its local markets than its global competitors can. The scale, scope, and diversity assessment might also benefit from these policies if the company is able to withstand economic, regional, competitive, and technological threats better than its global competitors can. Likewise, the company's operating efficiency assessment may improve if, as a result, it is better able than its global competitors to withstand economic downturns, taking into account its cost structure.
75. Conversely, when national industry risk factors are negative for a company, typically they detract from revenue growth and profit growth, shrink EBITDA margins, and/or increase the average volatility of profits. The company may also have less protection against economic downturns and competitive and technological threats within its local markets than its global competitors do. We may also adjust the company's scale, scope, and diversity assessment lower if, as a result of these policies, it is less able to withstand economic, regional, competitive, and technological threats than its global competitors can. Likewise, we may adjust its operating efficiency assessment lower if, as a result of these policies, it is less able to withstand economic downturns, taking into account the company's cost structure.
76. An example of when we might use a national industry risk factor would be for a telecommunications network owner that benefits from a monopoly network position, supported by substantial capital barriers to entry, and as a result is subject to regulated pricing for its services. Accordingly, in contrast to a typical telecommunications company, our analysis of the company's competitive position would focus more heavily on the monopoly nature of its operations, as well as the nature and reliability of the operator's regulatory framework in supporting future revenue and earnings. If we viewed the regulatory framework as being supportive of the group's future earnings stability, and we considered its

monopoly position to be sustainable, we would assess these national industry risk factors as positive in our assessment of the group's competitive position.

77. The weighted average assessment translates into the preliminary competitive position assessment on a scale of 1 to 6, where one is best. Table 14 describes the matrix we use to translate the weighted average assessment of the three components into the preliminary competitive position assessment.

**Table 14**

**Translation Table For Converting Weighted-Average Assessments Into Preliminary Competitive Position Assessments**

<b>Weighted average assessment range</b>	<b>Preliminary competitive position assessment</b>
1.00 – 1.50	1
>1.50 – 2.25	2
>2.25 – 3.00	3
>3.00 – 3.75	4
>3.75 – 4.50	5
>4.50 – 5.00	6

#### **4. Assessing profitability**

78. We assess profitability on the same scale of 1 to 6 as the competitive position assessment.
79. The profitability assessment consists of two subcomponents: level of profitability and the volatility of profitability, which we assess separately. We use a matrix to combine these into the final profitability assessment.

##### **a) Level of profitability**

80. The level of profitability is assessed in the context of the company's industry. We most commonly measure profitability using return on capital (ROC) and EBITDA margins, but we may also use sector-specific ratios. Importantly, as with the other components of competitive position, we review profitability in the context of the industry in which the company operates, not just in its narrower subsector. (See list of industries and subsectors in Appendix B, table 27.)
81. We assess level of profitability on a three-point scale: above average, average, and below average. Industry KCF articles may establish numeric guidance, for instance by stating that an ROC above 12% is considered above average, between 8%-12% is average, and below 8% is below average for the industry, or by differentiating between subsectors in the industry. In the absence of numeric guidance, we compare a company against its peers across the industry.
82. We calculate profitability ratios generally based on a five-year average, consisting of two years of historical data, our projections for the current year (incorporating any reported year-to-date results and estimates for the remainder of the year), and the next two financial years. There may be situations where we consider longer or shorter historical results or forecasts, depending on such factors as availability of financials, transformational events (such as mergers or acquisitions [M&A]), cyclical distortion (such as peak or bottom of the cycle metrics that we do not deem fully representative of the company's level of profitability), and we take into account improving or deteriorating trends in profitability ratios in our assessment.

**b) Volatility of profitability**

1. We base the volatility of profitability on the standard error of the regression (SER) for a company's historical EBITDA, EBITDA margins, or return on capital. The KCF articles provide guidance on which measures are most appropriate for a given industry or set of companies. For each of these measures, we divide the standard error by the average of that measure over the time period in order to ensure better comparability across companies.
84. The SER is a statistical measure that is an estimate of the deviation around a 'best fit' linear trend line. We regress the company's EBITDA, EBITDA margins, or return on capital against time. A key advantage of SER over standard deviation or coefficient of variation is that it doesn't view upwardly trending data as inherently more volatile. At the same time, we recognize that SER, like any statistical measure, may understate or overstate expected volatility and thus we will make qualitative adjustments where appropriate (see paragraphs 86-90). Furthermore, we only calculate SER when companies have at least seven years of historical annual data and have not significantly changed their line of business during the timeframe, to ensure that the results are meaningful.
85. As with the level of profitability, we evaluate a company's SER in the context of its industry group. For most industries, we establish a six-point scale with 1 capturing the least volatile companies, i.e., those with the lowest SERs, and 6 identifying companies whose profits are most volatile. We have established industry-specific SER parameters using the most recent seven years of data for companies within each sector. We believe that seven years is generally an adequate number of years to capture a business cycle. (See Appendix B, section 4 for industry-specific SER parameters.) For companies whose business segments cross multiple industries, we evaluate the SER in the context of the organization's most dominant industry--if that industry represents at least two-thirds of the organization's EBITDA, sales, or other relevant metric. If the company is a conglomerate and no dominant industry can be identified, we will evaluate its profit volatility in the context of SER guidelines for all nonfinancial companies.
86. In certain circumstances, the SER derived from historical information may understate--or overstate--expected future volatility, and we may adjust the assessment downward or upward. The scope of possible adjustments depends on certain conditions being met as described below.
87. We might adjust the SER-derived volatility assessment to a worse assessment (i.e., to a higher assessment for greater volatility) by up to two categories if the expected level of volatility isn't apparent in historical numbers, and the company either:
- Has a weighted country risk assessment of 4 or worse, which may, notwithstanding past performance, result in a less stable business environment going forward;
  - Operates in a subsector of the industry that may be prone to higher technology or regulation changes, or other potential disruptive risks that have not emerged over the seven year period;
  - Is of limited size and scope, which will often result in inherently greater vulnerability to external changes; or
  - Has pursued material M&A or internal growth projects that obscure the company's underlying performance trend line. As an example, a company may have consummated an acquisition during the trough of the cycle, masking what would otherwise be a significant decline in performance.
88. The choice of one or two categories depends on the degree of likelihood that the related risks will materialize and our view of the likely severity of these risks.

89. Conversely, we may adjust the SER-derived volatility assessment to a better assessment (i.e., to a lower assessment reflecting lower volatility) by up to two categories if we observe that the conditions historically leading to greater volatility have receded and are misrepresentative. This will be the case when:
- The company grew at a moderately faster, albeit more uneven, pace relative to the industry. Since we measure volatility around a linear trend line, a company growing at a constant percentage of moderate increase (relative to the industry) or an uneven pace (e.g., due to "lumpy" capital spending programs) could receive a relatively unfavorable assessment on an unadjusted basis, which would not be reflective of the company's performance in a steady state. (Alternatively, those companies that grow at a significantly higher-than-average industry rate often do so on unsustainable rates of growth or by taking on high-risk strategies. Companies with these high-risk growth strategies would not receive a better assessment and could be adjusted to a worse assessment.)
  - The company's geographic, customer, or product diversification has increased in scope as a result of an acquisition or rapid expansion (e.g. large, long-term contracts wins), leading to more stability in future earnings in our view; or
  - The company's business model is undergoing material change that we expect will benefit earnings stability, such as a new regulatory framework or major technology shift that is expected to provide a significant competitive hedge and margin protection over time.
90. The choice of one or two categories depends on the degree of likelihood that the related risks will materialize and our view of the likely severity of these risks.
91. If the company either does not have at least seven years of annual data or has materially changed its business lines or undertaken abnormally high levels of M&A during this time period, then we do not use its SER to assess the volatility of profitability. In these cases, we use a proxy to establish the volatility assessment. If there is a peer company that has, and is expected to continue having, very similar profitability volatility characteristics, we use the SER of that peer entity as a proxy.
92. If no such matching peer exists, or one cannot be identified with enough confidence, we perform an assessment of expected volatility based on the following rules:
- An assessment of 3 if we expect the company's profitability, supported by available historical evidence, will exhibit a volatility pattern in line with, or somewhat less volatile than, the industry average.
  - An assessment of 2 based on our confidence, supported by available historical evidence, that the company will exhibit lower volatility in profitability metrics than the industry's average. This could be underpinned by some of the factors listed in paragraph 89, whereas those listed in paragraph 87 would typically not apply.
  - An assessment of 4 or 5 based on our expectation that profitability metrics will exhibit somewhat higher (4), or meaningfully higher (5) volatility than the industry, supported by available historical evidence, or because of the applicability of possible adjustment factors listed in paragraph 87.
  - Assessments of either 1 or 6 are rarely assigned and can only be achieved based on a combination of data evidence and very high confidence tests. For an assessment of 1, we require strong evidence of minimal volatility in profitability metrics compared with the industry, supported by at least five years of historical information, combined with a very high degree of confidence that this will continue in the future, including no country risk, subsector risk or size considerations that could otherwise warrant a worse assessment as per paragraph 87. For an assessment of 6 we require strong evidence of very high volatility in profitability metrics compared with the industry, supported by at least five years of historical information and very high confidence that this will continue in the future.
93. Next, we combine the level of profitability assessment with the volatility assessment to determine the final profitability

assessment using the matrix in Table 15.

**Table 15**

Profitability Assessment						
--Volatility of profitability assessment--						
Level of profitability assessment	1	2	3	4	5	6
Above average	1	1	2	3	4	5
Average	1	2	3	4	5	6
Below average	2	3	4	5	6	6

### 5. Combining the preliminary competitive position assessment with profitability

94. The fourth and final step in arriving at a competitive position assessment is to combine the preliminary competitive position assessment with the profitability assessment. We use the combination matrix in Table 16, which shows how the profitability assessment can confirm, strengthen, or weaken (by up to one category) the overall competitive position assessment.

**Table 16**

Combining The Preliminary Competitive Position Assessment And Profitability Assessment						
--Preliminary competitive position assessment--						
Profitability assessment	1	2	3	4	5	6
1	1	2	2	3	4	5
2	1	2	3	3	4	5
3	2	2	3	4	4	5
4	2	3	3	4	5	5
5	2	3	4	4	5	6
6	2	3	4	5	5	6

95. We generally expect companies with a strong preliminary competitive position assessment to exhibit strong and less volatile profitability metrics. Conversely, companies with a relatively weaker preliminary competitive position assessment will generally have weaker and/or more volatile profitability metrics. Our analysis of profitability helps substantiate whether management is translating any perceived competitive advantages, diversity benefits, and cost management measures into higher earnings and more stable return on capital and return on sales ratios than the averages for the industry. When profitability differs markedly from what the preliminary/anchor competitive position assessment would otherwise imply, we adjust the competitive position assessment accordingly.
96. Our method of adjustment is biased toward the preliminary competitive position assessment rather than toward the profitability assessment (e.g., a preliminary competitive assessment of 6 and a profitability assessment of 1 will result in a final assessment of 5).

## E. Cash Flow/Leverage

97. The pattern of cash flow generation, current and future, in relation to cash obligations is often the best indicator of a company's financial risk. The criteria assess a variety of credit ratios, predominately cash flow-based, which

complement each other by focusing on the different levels of a company's cash flow waterfall in relation to its obligations (i.e., before and after working capital investment, before and after capital expenditures, before and after dividends), to develop a thorough perspective. Moreover, the criteria identify the ratios that we think are most relevant to measuring a company's credit risk based on its individual characteristics and its business cycle.

98. For the analysis of companies with intermediate or stronger cash flow/leverage assessments (a measure of the relationship between the company's cash flows and its debt obligations as identified in paragraphs 106 and 124), we primarily evaluate cash flows that reflect the considerable flexibility and discretion over outlays that such companies typically possess. For these entities, the starting point in the analysis is cash flows before working capital changes plus capital investments in relation to the size of a company's debt obligations in order to assess the relative ability of a company to repay its debt. These "leverage" or "payback" cash flow ratios are a measure of how much flexibility and capacity the company has to pay its obligations.
99. For entities with significant or weaker cash flow/leverage assessments (as identified in paragraphs 105 and 124), the criteria also call for an evaluation of cash flows in relation to the carrying cost or interest burden of a company's debt. This will help us assess a company's relative and absolute ability to service its debt. These "coverage"- or "debt service"-based cash flow ratios are a measure of a company's ability to pay obligations from cash earnings and the cushion the company possesses through stress periods. These ratios, particularly interest coverage ratios, become more important the further a company is down the credit spectrum.

### **1. Assessing cash flow/leverage**

100. Under the criteria, we assess cash flow/leverage as 1, minimal; 2, modest; 3, intermediate; 4, significant; 5, aggressive; or 6, highly leveraged. To arrive at these assessments, the criteria combine the assessments of a variety of credit ratios, predominately cash flow-based, which complement each other by focusing attention on the different levels of a company's cash flow waterfall in relation to its obligations. For each ratio, there is an indicative cash flow/leverage assessment that corresponds to a specified range of values in one of three given benchmark tables (see tables 17, 18, and 19). We derive the final cash flow/leverage assessment for a company by determining the relevant core ratios, anchoring a preliminary cash flow assessment based on the relevant core ratios, determining the relevant supplemental ratio(s), adjusting the preliminary cash flow assessment according to the relevant supplemental ratio(s), and, finally, modifying the adjusted cash flow/leverage assessment for any material volatility.

### **2. Core and supplemental ratios**

#### **a) Core ratios**

101. For each company, we calculate two core credit ratios--funds from operations (FFO) to debt and debt to EBITDA--in accordance with Standard & Poor's ratios and adjustments criteria (see "Corporate Methodology: Ratios And Adjustments," published Nov. 19, 2013). We compare these payback ratios against benchmarks to derive the preliminary cash flow/leverage assessment for a company. These ratios are also useful in determining the relative ranking of the financial risk of companies.

#### **b) Supplemental ratios**

102. The criteria also consider one or more supplemental ratios (in addition to the core ratios) to help develop a fuller understanding of a company's financial risk profile and fine-tune our cash flow/leverage analysis. Supplemental ratios

could either confirm or adjust the preliminary cash flow/leverage assessment. The confirmation or adjustment of the preliminary cash flow/leverage assessment will depend on the importance of the supplemental ratios as well as any difference in indicative cash flow/leverage assessment between the core and supplemental ratios as described in section E.3.b.

103. The criteria typically consider five standard supplemental ratios, although the relevant KCF criteria may introduce additional supplemental ratios or focus attention on one or more of the standard supplemental ratios. The standard supplemental ratios include three payback ratios--cash flow from operations (CFO) to debt, free operating cash flow (FOCF) to debt, and discretionary cash flow (DCF) to debt--and two coverage ratios, FFO plus interest to cash interest and EBITDA to interest.
104. The criteria provide guidelines as to the relative importance of certain ratios if a company exhibits characteristics such as high leverage, working capital intensity, capital intensity, or high growth.
105. If the preliminary cash flow/leverage assessment is significant or weaker (see section E.3), then two coverage ratios, FFO plus interest to cash interest and EBITDA to interest, will be given greater importance as supplemental ratios. For the purposes of calculating the coverage ratios, "cash interest" includes only cash interest payments (i.e., interest excludes noncash interest payable on, for example, payment-in-kind [PIK] instruments) and does not include any Standard & Poor's adjusted interest on such items as leases, while "interest" is the income statement figure plus Standard & Poor's adjustments to interest (see "Corporate Methodology: Ratios And Adjustments," published Nov. 19, 2013).
106. If the preliminary cash flow/leverage assessment is intermediate or stronger, the criteria first apply the three standard supplemental ratios of CFO to debt, FOCF to debt, and DCF to debt. When FOCF to debt and DCF to debt indicate a cash flow/leverage assessment that is lower than the other payback-ratio-derived cash flow/leverage assessments, it signals that the company has either larger than average capital spending or other non-operating cash distributions (including dividends). If these differences persist and are consistent with a negative trend in overall ratio levels, which we believe is not temporary, then these supplemental leverage ratios will take on more importance in the analysis.
107. If the supplemental ratios indicate a cash flow/leverage assessment that is different than the preliminary cash flow/leverage assessment, it could suggest an unusual debt service or fixed charge burden, working capital or capital expenditure profile, or unusual financial activity or policies. In such cases, we assess the sustainability or persistence of these differences. For example, if either working capital or capital expenditures are unusually low, leading to better indicated assessments, we examine the sustainability of such lower spending in the context of its impact on the company's longer term competitive position. If there is a deteriorating trend in the company's asset base, we give these supplemental ratios less weight. If either working capital or capital expenditures are unusually high, leading to weaker indicated assessments, we examine the persistence and need for such higher spending. If elevated spending levels are required to maintain a company's competitive position, for example to maintain the company's asset base, we give more weight to these supplemental ratios.
108. For capital-intensive companies, EBITDA and FFO may overstate financial strength, whereas FOCF may be a more accurate reflection of their cash flow in relation to their financial obligations. The criteria generally consider a

capital-intensive company as having ongoing capital spending to sales of greater than 10%, or depreciation to sales of greater than 8%. For these companies, the criteria place more weight on the supplementary ratio of FOCF to debt. Where we place more analytic weight on FOCF to debt, we also seek to estimate the amount of maintenance or full cycle capital required (see Appendix C) under normal conditions (we estimate maintenance or full-cycle capital expenditure required because this is not a reported number). The FOCF figure may be adjusted by adding back estimated discretionary capital expenditures. The adjusted FOCF to debt based on maintenance or full cycle capital expenditures often helps determine how much importance to place on this ratio. If both the FOCF to debt and the adjusted (for estimated discretionary capital spending) FOCF to debt derived assessments are different from the preliminary cash/flow leverage assessment, then these supplemental leverage ratios take on more importance in the analysis.

109. For working-capital-intensive companies, EBITDA and FFO may also overstate financial strength, and CFO may be a more accurate measure of the company's cash flow in relation to its financial risk profile. Under the criteria, if a company has a working capital-to-sales ratio that exceeds 25% or if there are significant seasonal swings in working capital, we generally consider it to be working-capital-intensive. For these companies, the criteria place more emphasis on the supplementary ratio of CFO to debt. Examples of companies that have working-capital-intensive characteristics can be found in the capital goods, metals and mining downstream, or the retail and restaurants industries. The need for working capital in those industries reduces financial flexibility and, therefore, these supplemental leverage ratios take on more importance in the analysis.
110. For all companies, when FOCF to debt or DCF to debt is negative or indicates materially lower cash flow/leverage assessments, the criteria call for an examination of management's capital spending and cash distribution strategies. For high-growth companies, typically the focus is on FFO to debt instead of FOCF to debt because the latter ratio can vary greatly depending on the growth investment the company is undergoing. The criteria generally consider a high-growth company one that exhibits real revenue growth in excess of 8% per year. Real revenue growth excludes price or foreign exchange related growth, under these criteria. In cases where FOCF or DCF is low, there is a greater emphasis on monitoring the sustainability of margins and return on capital and the overall financing mix to assess the likely trend of future debt ratios. In addition, debt service ratio analysis will be important in such situations. For companies with more moderate growth, the focus is typically on FOCF to debt unless the capital spending is short term or is not funded with debt.
111. For companies that have ongoing and well entrenched banking relationships we can reflect these relationships in our cash flow/leverage analysis through the use of the interest coverage ratios as supplemental ratios. These companies generally have historical links and a strong ongoing relationship with their main banks, as well as shareholdings by the main banks, and management influence and interaction between the main banks and the company. Based on their bank relationships, these companies often have lower interest servicing costs than peers, even if the macro economy worsens. In such cases, we generally use the interest coverage ratios as supplemental ratios. This type of banking relationship occurs in Japan, for example, where companies that have the type of bank relationship described in this paragraph tend to have a high socioeconomic influence within their country by way of their revenue size, total debt quantum, number of employees, and the relative importance of the industry.



### c) Time horizon and ratio calculation

2. A company's credit ratios may vary, often materially, over time due to economic, competitive, technological, or investment cycles, the life stage of the company, and corporate or strategic actions. Thus, we evaluate credit ratios on a time series basis with a clear forward-looking bias. The length of the time series is dependent on the relative credit risk of the company and other qualitative factors and the weighting of the time series varies according to transformational events. A transformational event is any event that could cause a material change in a company's financial profile, whether caused by changes to the company's capital base, capital structure, earnings, cash flow profile, or financial policies. Transformational events can include mergers, acquisitions, divestitures, management changes, structural changes to the industry or competitive environment, and/or product development and capital programs. This section provides guidance on the timeframe and weightings the criteria apply to calculate the indicative ratios.
113. The criteria generally consider the company's credit ratios for the previous one to two years, current-year forecast, and the two subsequent forecasted financial years. There may be situations where longer--or even shorter--historical results or forecasts are appropriate, depending on such factors as availability of financials, transformational events, or relevance. For example, a utility company with a long-term capital spending program may lend itself to a longer-term forecast, whereas for a company experiencing a near-term liquidity squeeze even a two-year forecast will have limited value. Alternatively, for most commodities-based companies we emphasize credit ratios based on our forward-looking view of market conditions, which may differ materially from the historical period.
114. Historical patterns in cash flow ratios are informative, particularly in understanding past volatility, capital spending, growth, accounting policies, financial policies, and business trends. Our analysis starts with a review of these historical patterns in order to assess future expected credit quality. Historical patterns can also provide an indication of potential future volatility in ratios, including that which results from seasonality or cyclical. A history of volatility could result in a more conservative assessment of future cash flow generation if we believe cash flow will continue to be volatile.
115. The forecast ratios are based on an expected base-case scenario developed by Standard & Poor's, incorporating current and near-term economic conditions, industry assumptions, and financial policies. The prospective cyclical and longer-term volatility associated with the industry in which the issuer operates is addressed in the industry risk criteria (see section B) and the longer-term directional influence or event risk of financial policies is addressed in our financial policy criteria (see section H).
116. The criteria generally place greater emphasis on forecasted years than historical years in the time series of credit ratios when calculating the indicative credit ratio. For companies where we have five years of ratios as described in section E.3, generally we calculate the indicative ratio by weighting the previous two years, the current year, and the forecasted two years as 10%, 15%, 25%, 25%, and 25%, respectively.
117. This weighting changes, however, to place even greater emphasis on the current and forecast years when:
  - The issuer meets the characteristics described in paragraph 113, and either shorter- or longer-term forecasts are applicable. The weights applied will generally be quite forward weighted, particularly if a company is undergoing a transformational event and there is moderate or better cash flow certainty.
  - The issuer is forecast to generate negative cash flow available for debt repayment, which we believe could lead to

deteriorating credit metrics. Forecast negative cash flows could be generated from operating activities as well as capital expenditures, share buybacks, dividends, or acquisitions, as we forecast these uses of cash based on the company's track record, market conditions, or financial policy. The weights applied will generally be 30%, 40%, and 30% for the current and two subsequent years, respectively.

- The issuer is in an industry that is prospectively volatile or that has a high degree of cash flow uncertainty. Industries that are prospectively volatile are industries whose competitive risk and growth assessments are either high risk (5) or very high risk (6) or whose overall industry risk assessments are either high risk (5) or very high risk (6). The weights applied will generally be 50% for the current year and 50% for the first subsequent forecast year.

118. When the indicative ratio(s) is borderline (i.e., less than 10% different from the threshold in relative terms) between two assessment thresholds (as described in section E.3 and tables 17, 18, and 19) and the forecast points to a switch in the ratio between categories during the rating timeframe, we will weigh the forecast even more heavily in order to prospectively capture the trend.
119. For companies undergoing a transformational event, the weighting of the time series could vary significantly.
120. For companies undergoing a transformational event and with significant or weaker cash flow/leverage assessments, we place greater weight on near-term risk factors. That's because overemphasis on longer-term (inherently less predictable) issues could lead to some distortion when assessing the risk level of a speculative-grade company. We generally analyze a company using the arithmetic mean of the credit ratios expected according to our forecasts for the current year (or pro forma current year) and the subsequent financial year. A common example of this is when a private equity firm acquires a company using additional debt leverage, which makes historical financial ratios meaningless. In this scenario, we weight or focus the majority of our analysis on the next one or two years of projected credit measures.

### 3. Determining the cash flow/leverage assessment

#### a) Identifying the benchmark table

121. Tables 17, 18, and 19 provide benchmark ranges for various cash flow ratios we associate with different cash flow/leverage assessments for standard volatility, medial volatility, and low volatility industries. The tables of benchmark ratios differ for a given ratio and cash flow/leverage assessment along two dimensions: the starting point for the ratio range and the width of the ratio range.
122. If an industry exhibits low volatility, the threshold levels for the applicable ratios to achieve a given cash flow/leverage assessment are less stringent than those in the medial or standard volatility tables, although the range of the ratios is narrower. Conversely, if an industry exhibits medial or standard levels of volatility, the threshold for the applicable ratios to achieve a given cash flow/leverage assessment are elevated, albeit with a wider range of values.
123. The relevant benchmark table for a given company is based on our assessment of the company's associated industry and country risk volatility, or the CICRA (see section A, table 1). The low volatility table (table 19) will generally apply when a company's CICRA is 1, unless otherwise indicated in a sector's KCF criteria. The medial volatility table (table 18) will be used under certain circumstances for companies with a CICRA of 1 or 2. Those circumstances are described in the respective sectors' KCF criteria. The standard volatility table (table 17) serves as the relevant benchmark table for companies with a CICRA of 2 or worse, and we will always use it for companies with a CICRA of 1 or 2 and whose competitive position is assessed 5 or 6. Although infrequent, we will use the low volatility table when

a company's CICRA is 2 for companies that exhibit or are expected to exhibit low levels of volatility. The choice of volatility tables for companies with a CICRA of 2 is addressed in the respective sector's KCF article.

**Table 17**

Cash Flow/Leverage Analysis Ratios--Standard Volatility							
	--Core ratios--		--Supplementary coverage ratios--		--Supplementary payback ratios--		
	FFO/debt (%)	Debt/EBITDA (x)	FFO/cash interest(x)	EBITDA/interest (x)	CFO/debt (%)	FOCF/debt (%)	DCF/debt (%)
Minimal	60+	Less than 1.5	More than 13	More than 15	More than 50	40+	25+
Modest	45-60	1.5-2	9-13	10-15	35-50	25-40	15-25
Intermediate	30-45	2-3	6-9	6-10	25-35	15-25	10-15
Significant	20-30	3-4	4-6	3-6	15-25	10-15	5-10
Aggressive	12-20	4-5	2-4	2-3	10-15	5-10	2-5
Highly leveraged	Less than 12	Greater than 5	Less than 2	Less than 2	Less than 10	Less than 5	Less than 2

**Table 18**

Cash Flow/Leverage Analysis Ratios--Medial Volatility							
	--Core ratios--		--Supplementary coverage ratios--		--Supplementary payback ratios--		
	FFO/debt (%)	Debt/EBITDA (x)	FFO/cash interest (x)	EBITDA/interest (x)	CFO/debt (%)	FOCF/debt (%)	DCF/debt (%)
Minimal	50+	less than 1.75	10.5+	14+	40+	30+	18+
Modest	35-50	1.75-2.5	7.5-10.5	9-14	27.5-40	17.5-30	11-18
Intermediate	23-35	2.5-3.5	5-7.5	5-9	18.5-27.5	9.5-17.5	6.5-11
Significant	13-23	3.5-4.5	3-5	2.75-5	10.5-18.5	5-9.5	2.5-6.5
Aggressive	9-13	4.5-5.5	1.75-3	1.75-2.75	7-10.5	0-5	(11)-2.5
Highly leveraged	Less than 9	Greater than 5.5	Less than 1.75	Less than 1.75	Less than 7	Less than 0	Less than (11)

**Table 19**

Cash Flow/Leverage Analysis Ratios--Low Volatility							
	--Core ratios--		--Supplementary coverage ratios--		--Supplementary payback ratios--		
	FFO/debt (%)	Debt/EBITDA (x)	FFO/cash interest (x)	EBITDA/interest (x)	CFO/debt (%)	FOCF/debt (%)	DCF/debt (%)
Minimal	35+	Less than 2	More than 8	More than 13	More than 30	20+	11+
Modest	23-35	2-3	5-8	7-13	20-30	10-20	7-11
Intermediate	13-23	3-4	3-5	4-7	12-20	4-10	3-7
Significant	9-13	4-5	2-3	2.5-4	8-12	0-4	0-3
Aggressive	6-9	5-6	1.5-2	1.5-2.5	5-8	(10)-0	(20)-0
Highly leveraged	Less than 6	Greater than 6	Less than 1.5	Less than 1.5	Less than 5	Less than (10)	Less than (20)

### b) Aggregating the credit ratio assessments

124. To determine the final cash flow/leverage assessment, we make these calculations:

- 1) First, calculate a time series of standard core and supplemental credit ratios, select the relevant benchmark table, and determine the appropriate time weighting of the credit ratios.

- Calculate the two standard core credit ratios and the five standard supplemental credit ratios over a five-year time horizon.
  - Consult the relevant industry KCF article (if applicable), which may identify additional supplemental ratio(s). The relevant benchmark table for a given company is based on our assessment of the company's associated industry and country risk volatility, or the CICRA.
  - Calculate the appropriate weighted average cash flow/leverage ratios. If the company is undergoing a transformational event, then the core and supplemental ratios will typically be calculated based on Standard & Poor's projections for the current and next one or two financial years.
- 2) Second, we use the core ratios to determine the preliminary cash flow assessment.
- Compare the core ratios (FFO to debt and debt to EBITDA) to the ratio ranges in the relevant benchmark table.
  - If the core ratios result in different cash flow/leverage assessments, we will select the relevant core ratio based on which provides the best indicator of a company's future leverage.
- 3) Third, we review the supplemental ratio(s).
- Determine the importance of standard or KCF supplemental ratios based on company-specific characteristics, namely, leverage, capital intensity, working capital intensity, growth rate, or industry.
- 4) Fourth, we calculate the adjusted cash flow/leverage assessment.
- If the cash flow/leverage assessment(s) indicated by the important supplemental ratio(s) differs from the preliminary cash flow/leverage assessment, we might adjust the preliminary cash flow/leverage assessment by one category in the direction of the cash flow/leverage assessment indicated by the supplemental ratio(s) to derive the adjusted cash flow/leverage assessment. We will make this adjustment if, in our view, the supplemental ratio provides the best indicator of a company's future leverage.
  - If there is more than one important supplemental ratio and they result in different directional deviations from the preliminary cash flow/leverage assessment, we will select one as the relevant supplemental ratio based on which, in our opinion, provides the best indicator of a company's future leverage. We will then make the adjustment outlined above if the selected supplemental ratio differs from the preliminary cash flow/leverage assessment and the selected supplemental ratio provides the best overall indicator of a company's future leverage.
- 5) Lastly, we determine the final cash flow/leverage assessment based on the volatility adjustment.
- We classify companies as stable for these cash flow criteria if cash flow/leverage ratios are expected to move up by one category during periods of stress based on their business risk profile. The final cash flow/leverage assessment for these companies will not be modified from the adjusted cash flow/leverage assessment.
  - We classify companies as volatile for these cash flow criteria if cash flow/leverage ratios are expected to move one or two categories worse during periods of stress based on their business risk profiles. Typically, this is equivalent to EBITDA declining about 30% from its current level. The final cash flow/leverage assessment for these companies will be modified to one category weaker than the adjusted cash flow/leverage assessment; the adjustment will be eliminated if cash flow/leverage ratios, as evaluated, include a moderate to high level of stress already.
  - We classify companies as highly volatile for these cash flow criteria if cash flow/leverage ratios are expected to move two or three categories worse during periods of stress, based on their business risk profiles. Typically, this is equivalent to EBITDA declining about 50% from its current level. The final cash flow/leverage assessment for these companies will be modified to two categories weaker than the adjusted cash flow/leverage assessment; the adjustment will be eliminated or reduced to one category if cash flow/leverage ratios, as evaluated, include a moderate to high level of stress already.

125. The volatility adjustment is the mechanism by which we factor a "cushion" of medium-term variance to current financial performance not otherwise captured in either the near-term base-case forecast or the long-term business risk

assessment. We make this adjustment based on the following:

- The expectation of any potential cash flow/leverage ratio movement is both prospective and dependent on the current business or economic conditions.
- Stress scenarios include, but are not limited to, a recessionary economic environment, technology or competitive shifts, loss or renegotiation of major contracts or customers, and key product or input price movements, as typically defined in the company's industry risk profile and competitive position assessment.
- The volatility adjustment is not static and is company specific. At the bottom of an economic cycle or during periods of stressed business conditions, already reflected in the general industry risk or specific competitive risk profile, the prospect of weakening ratios is far less than at the peak of an economic cycle or business conditions.
- The expectation of prospective ratio changes may be formed by observed historical performance over an economic, business, or product cycle by the company or by peers.
- The assessment of which classification to use when evaluating the prospective number of scoring category moves will be guided by how close the current ratios are to the transition point (i.e. "buffer" in the current scoring category) and the corresponding amount of EBITDA movement at each scoring transition.

## F. Diversification/Portfolio Effect

126. Under the criteria, diversification/portfolio effect applies to companies that we regard as conglomerates. They are companies that have multiple core business lines that may be operated as separate legal entities. For the purpose of these criteria, a conglomerate would have at least three business lines, each contributing a material source of earnings and cash flow.
127. The criteria aim to measure how diversification or the portfolio effect could improve the anchor of a company with multiple business lines. This approach helps us determine how the credit strength of a corporate entity with a given mix of business lines could improve based on its diversity. The competitive position factor assesses the benefits of diversity within individual lines of business. This factor also assesses how poorly performing businesses within a conglomerate affect the organization's overall business risk profile.
128. Diversification/portfolio effect could modify the anchor depending on how meaningful we think the diversification is, and on the degree of correlation we find in each business line's sensitivity to economic cycles. This assessment will have either a positive or neutral impact on the anchor. We capture any potential factor that weakens a company's diversification, including poor management, in our management and governance assessment.
129. We define a conglomerate as a diversified company that is involved in several industry sectors. Usually the smallest of at least three distinct business segments/lines would contribute at least 10% of either EBITDA or FOCF and the largest would contribute no more than 50% of EBITDA or FOCF, with the long-term aim of increasing shareholder value by generating cash flow. Industrial conglomerates usually hold a controlling stake in their core businesses, have highly identifiable holdings, are deeply involved in the strategy and management of their operating companies, generally do not frequently roll over or reshuffle their holdings by buying and selling companies, and therefore have high long-term exposure to the operating risks of their subsidiaries.
130. In rating a conglomerate, we first assess management's commitment to maintain the diversified portfolio over a

longer-term horizon. These criteria apply only if the company falls within our definition of a conglomerate.

### 1. Assessing diversification/portfolio effect

131. A conglomerate's diversification/portfolio effect is assessed as 1, significant diversification; 2, moderate diversification; or 3, neutral. An assessment of moderate diversification or significant diversification potentially raises the issuer's anchor. To achieve an assessment of significant diversification, an issuer should have uncorrelated diversified businesses whose breadth is among the most comprehensive of all conglomerates'. This assessment indicates that we expect the conglomerate's earnings volatility to be much lower through an economic cycle than an undiversified company's. To achieve an assessment of moderate diversification, an issuer typically has a range of uncorrelated diversified businesses that provide meaningful benefits of diversification with the expectation of lower earnings volatility through an economic cycle than an undiversified company's.
132. We expect that a conglomerate will also benefit from diversification if its core assets consistently produce positive cash flows over our rating horizon. This supports our assertion that the company diversifies to take advantage of allocating capital among its business lines. To this end, our analysis focuses on a conglomerate's track record of successfully deploying positive discretionary cash flow into new business lines or expanding capital-hungry business lines. We assess companies that we do not expect to achieve these benefits as neutral.

### 2. Components of correlation and how it is incorporated into our analysis

133. We determine the assessment for this factor based on the number of business lines in separate industries (as described in table 27) and the degree of correlation between these business lines as described in table 20. There is no rating uplift for an issuer with a small number of business lines that are highly correlated. By contrast, a larger number of business lines that are not closely correlated provide the maximum rating uplift.

**Table 20**

Assessing Diversification/Portfolio Effect			
Degree of correlation of business lines	--Number of business lines--		
	3	4	5 or more
High	Neutral	Neutral	Neutral
Medium	Neutral	Moderately diversified	Moderately diversified
Low	Moderately diversified	Significantly diversified	Significantly diversified

134. The degree of correlation of business lines is high if the business lines operate within the same industry, as defined by the industry designations in Appendix B, table 27. The degree of correlation of business lines is medium if the business lines operate within different industries, but operate within the same geographic region (for further guidance on defining geographic regions, see Appendix A, table 26). An issuer has a low degree of correlation across its business lines if these business lines are both a) in different industries and b) either operate in different regions or operate in multiple regions.
135. If we believe that a conglomerate's various industry exposures fail to provide a partial hedge against the consolidated entity's volatility because they are highly correlated through an economic cycle, then we assess the diversification/portfolio effect as neutral.

## G. Capital Structure

136. Standard & Poor's uses its capital structure criteria to assess risks in a company's capital structure that may not show up in our standard analysis of cash flow/leverage. These risks may exist as a result of maturity date or currency mismatches between a company's sources of financing and its assets or cash flows. These can be compounded by outside risks, such as volatile interest rates or currency exchange rates.

### 1. Assessing capital structure

137. Capital structure is a modifier category, which adjusts the initial anchor for a company after any modification due to diversification/portfolio effect. We assess a number of subfactors to determine the capital structure assessment, which can then raise or lower the initial anchor by one or more notches--or have no effect in some cases. We assess capital structure as 1, very positive; 2, positive; 3, neutral; 4, negative; or 5, very negative. In the large majority of cases, we believe that a firm's capital structure will be assessed as neutral. To assess a company's capital structure, we analyze four subfactors:

- Currency risk associated with debt,
- Debt maturity profile (or schedule),
- Interest rate risk associated with debt, and
- Investments.

138. Any of these subfactors can influence a firm's capital structure assessment, although some carry greater weight than others, based on a tiered approach:

- Tier one risk subfactors: Currency risk of debt and debt maturity profile, and
- Tier two risk subfactor: Interest rate risk of debt.

139. The initial capital structure assessment is based on the first three subfactors (see table 21). We may then adjust the preliminary assessment based on our assessment of the fourth subfactor, investments.

**Table 21**

#### Preliminary Capital Structure Assessment

Preliminary capital structure assessment	Subfactor assessments
Neutral	No tier one subfactor is negative.
Negative	One tier one subfactor is negative, and the tier two subfactor is neutral.
Very negative	Both tier one subfactors are negative, or one tier one subfactor is negative and the tier two subfactor is negative.

140. Tier one subfactors carry the greatest risks, in our view, and, thus, could have a significant impact on the capital structure assessment. This is because, in our opinion, these factors have a greater likelihood of affecting credit metrics and potentially causing liquidity and refinancing risk. The tier two subfactor is important in and of itself, but typically less so than the tier one subfactors. In our view, in the majority of cases, the tier two subfactor in isolation has a lower likelihood of leading to liquidity and default risk than do tier one subfactors.

141. The fourth subfactor, investments, as defined in paragraph 153, quantifies the impact of a company's investments on

its overall financial risk profile. Although not directly related to a firm's capital structure decisions, certain investments could provide a degree of asset protection and potential financial flexibility if they are monetized. Thus, the fourth subfactor could modify the preliminary capital structure assessment (see table 22). If the subfactor is assessed as neutral, then the preliminary capital structure assessment will stand. If investments is assessed as positive or very positive, we adjust the preliminary capital structure assessment upward (as per table 22) to arrive at the final assessment.

**Table 22**

<b>Final Capital Structure Assessment</b>			
	<b>--Investments subfactor assessment--</b>		
<b>Preliminary capital structure assessment</b>	<b>Neutral</b>	<b>Positive</b>	<b>Very positive</b>
Neutral	Neutral	Positive	Very positive
Negative	Negative	Neutral	Positive
Very negative	Very negative	Negative	Negative

## 2. Capital structure analysis: Assessing the subfactors

### a) Subfactor 1: Currency risk of debt

142. Currency risk arises when a company borrows without hedging in a currency other than the currency in which it generates revenues. Such an unhedged position makes the company potentially vulnerable to fluctuations in the exchange rate between the two currencies, in the absence of mitigating factors. We determine the materiality of any mismatch by identifying situations where adverse exchange-rate movements could weaken cash flow and/or leverage ratios. We do not include currency mismatches under the following scenarios:
- The country where a company generates its cash flows has its currency pegged to the currency in which the company has borrowed, or vice versa (or the currency of cash flows has a strong track record and government policy of stability with the currency of borrowings), examples being the Hong Kong dollar which is pegged to the U.S. dollar, and the Chinese renminbi which is managed in a narrow band to the U.S. dollar (and China's foreign currency reserves are mainly in U.S. dollars). Moreover, we expect such a scenario to continue for the foreseeable future;
  - A company has the proven ability, through regulation or contract, to pass through changes in debt servicing costs to its customers; or
  - A company has a natural hedge, such as where it may sell its product in a foreign currency and has matched its debt in that same currency.
143. We also recognize that even if an entity generates insufficient same-currency cash flow to meet foreign currency-denominated debt obligations, it could have substantial other currency cash flows it can convert to meet these obligations. Therefore, the relative amount of foreign denominated debt as a proportion of total debt is an important factor in our analysis. If foreign denominated debt, excluding fully hedged debt principal, is 15% or less of total debt, we assess the company as neutral on currency risk of debt. If foreign-denominated debt, excluding fully hedged debt principal, is greater than 15% of total debt, and debt to EBITDA is greater than 3.0x, we evaluate currency risks through further analysis.
144. If an entity's foreign-denominated debt in a particular currency represents more than 15% of total debt, and if its debt to EBITDA ratio is greater than 3.0x, we identify whether a currency-specific interest coverage ratio indicates potential



currency risk. The coverage ratio divides forecasted operating cash flow in each currency by interest payments over the coming 12 months for that same currency. It is often easier to ascertain the geographic breakdown of EBITDA as opposed to operating cash flow. So in situations where we don't have sufficient cash flow information, we may calculate an EBITDA to interest expense coverage ratio in the relevant currencies. If neither cash flow nor EBITDA information is disclosed, we estimate the relevant exposures based on available information.

145. In such an instance, our assessment of this subfactor is negative if we believe any appropriate interest coverage ratio will fall below 1.2x over the next 12 months.

### **b) Subfactor 2: Debt maturity profile**

146. A firm's debt maturity profile shows when its debt needs to be repaid, or refinanced if possible, and helps determine the firm's refinancing risk. Lengthier and more evenly spread out debt maturity schedules reduce refinancing risk, compared with front-ended and compressed ones, since the former give an entity more time to manage business- or financial market-related setbacks.
147. In evaluating debt maturity profiles, we measure the weighted average maturity (WAM) of bank debt and debt securities (including hybrid debt) within a capital structure, and make simplifying assumptions that debt maturing beyond year five matures in year six.  $WAM = (Maturity1/Total\ Debt)*tenor1 + (Maturity2/Total\ Debt)*\ tenor2 + \dots (Thereafter/Total\ Debt)*\ tenor6$
148. In evaluating refinancing risk, we consider risks in addition to those captured under the 12-month to 24-month time-horizons factored in our liquidity criteria (see "Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers," published Nov. 19, 2013). While we recognize that investment-grade companies may have more certain future business prospects and greater access to capital than speculative-grade companies, all else being equal, we view a company with a shorter maturity schedule as having greater refinancing risk compared to a company with a longer one. In all cases, we assess a company's debt maturity profile in conjunction with its liquidity and potential funding availability. Thus, a short-dated maturity schedule alone is not a negative if we believe the company can maintain enough liquidity to pay off debt that comes due in the near term.
149. Our assessment of this subfactor is negative if the WAM is two years or less, and the amount of these near-term maturities is material in relation to the issuer's liquidity so that under our base-case forecast, we believe the company's liquidity assessment will become less than adequate or weak over the next two years due to these maturities. In certain cases, we may assess a debt maturity profile as negative regardless of whether or not the company passes the aforementioned test. We expect such instances to be rare, and will include scenarios where we believed a concentration of debt maturities within a five-year time horizon poses meaningful refinancing risk, either due to the size of the maturities in relation to the company's liquidity sources, the company's leverage profile, its operating trends, lender relationships, and/or credit market standings.

### **c) Subfactor 3: Interest rate risk of debt**

150. The interest rate risk of debt subfactor analyzes the company's mix of fixed-rate and floating-rate debt. Generally, a higher proportion of fixed-rate debt leads to greater predictability and stability of interest expense and therefore cash flows. The exception would be companies whose operating cash flows are to some degree correlated with interest rate movements--for example, a regulated utility whose revenues are indexed to inflation--given the typical correlation

between nominal interest rates and inflation.

151. The mix of fixed versus floating-rate debt is usually not a significant risk factor for companies with intermediate or better financial profiles, strong profitability, and high interest coverage. In addition, the interest rate environment at a given point in time will play a role in determining the impact of interest rate movements. Our assessment of this subcategory will be negative if a 25% upward shift (e.g., from 2.0% to 2.5%) or a 100 basis-point upward shift (e.g., 2% to 3%) in the base interest rate of the floating rate debt will result in a breach of interest coverage covenants or interest coverage rating thresholds identified in the cash flow/leverage criteria (see section E.3).
152. Many loan agreements for speculative-grade companies contain a clause requiring a percentage of floating-rate debt to be hedged for a period of two to three years to mitigate this risk. However, in many cases the loan matures after the hedge expires, creating a mismatched hedge. We consider only loans with hedges that match the life of the loan to be--effectively--fixed-rate debt.

#### **d) Subfactor 4: Investments**

153. For the purposes of the criteria, investments refer to investments in unconsolidated equity affiliates, other assets where the realizable value isn't currently reflected in the cash flows generated from those assets (e.g. underutilized real-estate property), we do not expect any additional investment or support to be provided to the affiliate, and the investment is not included within Standard & Poor's consolidation scope and so is not incorporated in the company's business and financial risk profile analysis. If equity affiliate companies are consolidated, then the financial benefits and costs of these investments will be captured in our cash flow and leverage analysis. Similarly, where the company's ownership stake does not qualify for consolidation under accounting rules, we may choose to consolidate on a pro rata basis if we believe that the equity affiliates' operating and financing strategy is influenced by the rated entity. If equity investments are strategic and provide the company with a competitive advantage, or benefit a company's scale, scope, and diversity, these factors will be captured in our competitive position criteria and will not be used to assess the subfactor investments as positive. Within the capital structure criteria, we aim to assess nonstrategic financial investments that could provide a degree of asset protection and financial flexibility in the event they are monetized. These investments must be noncore and separable, meaning that a potential divestiture, in our view, has no impact on the company's existing operations.
154. In many instances, the cash flows generated by an equity affiliate, or the proportional share of the associate company's net income, might not accurately reflect the asset's value. This could occur if the equity affiliate is in high growth mode and is currently generating minimal cash flow or net losses. This could also be true of a physical asset, such as real estate. From a valuation standpoint, we recognize the subjective nature of this analysis and the potential for information gaps. As a result, in the absence of a market valuation or a market valuation of comparable companies in the case of minority interests in private entities, we will not ascribe value to these assets.
155. We assess this subfactor as positive or very positive if three key characteristics are met. First, an estimated value can be ascribed to these investments based on the presence of an existing market value for the firm or comparable firms in the same industry. Second, there is strong evidence that the investment can be monetized over an intermediate timeframe--in the case of an equity investment, our opinion of the marketability of the investment would be enhanced by the presence of an existing market value for the firm or comparable firms, as well as our view of market liquidity.

Third, monetization of the investment, assuming proceeds would be used to repay debt, would be material enough to positively move existing cash flow and leverage ratios by at least one category and our view on the company's financial policy, specifically related to financial discipline, supports the assessment that the potential proceeds would be used to pay down debt. This subfactor is assessed as positive if debt repayment from the investment sale has the potential to improve cash flow and leverage ratios by one category. We assess investments as very positive if proceeds upon sale of the investment have the potential to improve cash flow and leverage ratios by two or more categories. If the three characteristics are not met, this subfactor will be assessed as neutral and the preliminary capital structure assessment will stand.

156. We will not assess the investments subfactor as positive or very positive when the anchor is 'b+' or lower unless the three conditions described in paragraph 155 are met, and:
- For issuers with less than adequate or weak liquidity, the company has provided a credible near-term plan to sell the investment.
  - For issuers with adequate or better liquidity, we believe that the company, if needed, could sell the investment in a relatively short timeframe.

## H. Financial Policy

157. Financial policy refines the view of a company's risks beyond the conclusions arising from the standard assumptions in the cash flow/leverage assessment (see section E). Those assumptions do not always reflect or entirely capture the short-to-medium term event risks or the longer-term risks stemming from a company's financial policy. To the extent movements in one of these factors cannot be confidently predicted within our forward-looking evaluation, we capture that risk within our evaluation of financial policy. The cash flow/leverage assessment will typically factor in operating and cash flows metrics we observed during the past two years and the trends we expect to see for the coming two years based on operating assumptions and predictable financial policy elements, such as ordinary dividend payments or recurring acquisition spending. However, over that period and, generally, over a longer time horizon, the firm's financial policies can change its financial risk profile based on management's or, if applicable, the company's controlling shareholder's (see Appendix E, paragraphs 254-257) appetite for incremental risk or, conversely, plans to reduce leverage. We assess financial policy as 1) positive, 2) neutral, 3) negative, or as being owned by a financial sponsor. We further identify financial sponsor-owned companies as "FS-4", "FS-5", "FS-6", or "FS-6 (minus)" (see section H.2).

### 1. Assessing financial policy

158. First, we determine if a company is owned by a financial sponsor. Given the intrinsic characteristics and aggressive nature of financial sponsor's strategies (i.e. short- to intermediate-term holding periods and the use of debt or debt-like instruments to maximize shareholder returns), we assign a financial risk profile assessment to a firm controlled by a financial sponsor that reflects the likely impact on leverage due to these strategies and we do not separately analyze management's financial discipline or financial policy framework.
159. If a company is not controlled by a financial sponsor, we evaluate management's financial discipline and financial policy framework. Management's financial discipline measures its tolerance for incremental financial risk or,

conversely, its willingness to maintain the same degree of financial risk or to lower it compared with recent cash flow/leverage metrics and our projected ratios for the next two years. The company's financial policy framework assesses the comprehensiveness, transparency, and sustainability of the entity's financial policies. We do not assess these factors for financial sponsor controlled firms.

160. The financial discipline assessments can have a positive or negative influence on an enterprise's overall financial policy assessment, or can have no net effect. Conversely, the financial policy framework assessment cannot positively influence the overall financial policy assessment. It can constrain the overall financial policy assessment to no greater than neutral.
161. The separate assessments of a company's financial policy framework and financial discipline determine the financial policy adjustment.
162. We assess management's financial discipline as 1, positive; 2, neutral; or 3, negative. We determine the assessment by evaluating the predictability of an entity's expansion plans and shareholder return strategies. We take into account, generally, management's tolerance for material and unexpected negative changes in credit ratios or, instead, its plans to rapidly decrease leverage and keep credit ratios within stated boundaries.
163. A company's financial policy framework assessment is: 1, supportive or 2, non-supportive. We make the determination by assessing the comprehensiveness of a company's financial policy framework and whether financial targets are clearly communicated to a large number of stakeholders, and are well defined, achievable, and sustainable.

**Table 23****Financial Policy Assessments**

Assessment	What it means	Guidance
Positive	Indicates that we expect management's financial policy decisions to have a positive impact on credit ratios over the time horizon, beyond what can be reasonably built in our forecasts on the basis of normalized operating and cash flow assumptions. An example would be when a credible management team commits to dispose of assets or raise equity over the short to medium term in order to reduce leverage. A company with a 1 financial risk profile will not be assigned a positive assessment.	If financial discipline is positive, and the financial policy framework is supportive
Neutral	Indicates that, in our opinion, future credit ratios won't differ materially over the time horizon beyond what we have projected, based on our assessment of management's financial policy, recent track record, and operating forecasts for the company. A neutral financial policy assessment effectively reflects a low probability of "event risk," in our view.	If financial discipline is positive, and the financial policy framework is non-supportive. Or when financial discipline is neutral, regardless of the financial policy framework assessment.
Negative	Indicates our view of a lower degree of predictability in credit ratios, beyond what can be reasonably built in our forecasts, as a result of management's financial discipline (or lack of it). It points to high event risk that management's financial policy decisions may depress credit metrics over the time horizon, compared with what we have already built in our forecasts based on normalized operating and cash flow assumptions.	If financial discipline is negative, regardless of the financial policy framework assessment
Financial Sponsor*	We define a financial sponsor as an entity that follows an aggressive financial strategy in using debt and debt-like instruments to maximize shareholder returns. Typically, these sponsors dispose of assets within a short to intermediate time frame. Accordingly, the financial risk profile we assign to companies that are controlled by financial sponsors ordinarily reflects our presumption of some deterioration in credit quality in the medium term. Financial sponsors include private equity firms, but not infrastructure and asset-management funds, which maintain longer investment horizons.	We define financial sponsor-owned companies as companies that are owned 40% or more by a financial sponsor or a group of three or less financial sponsors and where we consider that the sponsor(s) exercise control of the company solely or together.

\*Assessed as FS-4, FS-5, FS-6, or FS-6 (minus).

## 2. Financial sponsor-controlled companies

- We define a financial sponsor as an entity that follows an aggressive financial strategy in using debt and debt-like instruments to maximize shareholder returns. Typically, these sponsors dispose of assets within a short-to-intermediate time frame. Financial sponsors include private equity firms, but not infrastructure and asset-management funds, which maintain longer investment horizons.
165. We define financial sponsor-owned companies as companies that are owned 40% or more by a financial sponsor or a group of three or less financial sponsors and where we consider that the sponsor(s) exercise control of the company solely or together.
166. We differentiate between financial sponsors and other types of controlling shareholders and companies that do not have controlling shareholders based on our belief that short-term ownership--such as exists in private equity sponsor-owned companies--generally entails financial policies aimed at achieving rapid returns for shareholders typically through aggressive debt leverage.
167. Financial sponsors often dictate policies regarding risk-taking, financial management, and corporate governance for the companies that they control. There is a common pattern of these investors extracting cash in ways that increase the companies' financial risk by utilizing debt or debt like instruments. Accordingly, the financial risk profile we assign to companies that are controlled by financial sponsors ordinarily reflect our presumption of some deterioration in credit quality or steadily high leverage in the medium term.
168. We assess the influence of financial sponsor ownership as "FS-4", "FS-5", "FS-6", and "FS-6 (minus)" depending on how aggressive we assume the sponsor will be and assign a financial risk profile accordingly (see table 24).
169. Generally, financial sponsor-owned issuers will receive an assessment of "FS-6" or "FS-6 (minus)", leading to a financial risk profile assessment of '6', under the criteria. A "FS-6" assessment indicates that, in our opinion, forecasted credit ratios in the medium term are likely to be consistent with a '6' financial risk profile, based on our assessment of the financial sponsor's financial policy and track record. A "FS-6 (minus)" will likely be applied to companies that we forecast to have near-term credit ratios consistent with a '6' financial risk profile, but we believe the financial sponsor to be very aggressive and that leverage could increase materially even further from our forecasted levels.
170. In a small minority of cases, a financial sponsor-owned entity could receive an assessment of "FS-5". This assessment will apply only when we project that the company's leverage will be consistent with a '5' (aggressive) financial risk profile (see tables 17, 18, and 19), we perceive that the risk of releveraging is low based on the company's financial policy and our view of the owner's financial risk appetite, and liquidity is at least adequate.
171. In even rarer cases, we could assess the financial policy of a financial sponsor-owned entity as "FS-4". This assessment will apply only when all of the following conditions are met: other shareholders own a material (generally, at least 20%) stake, we expect the sponsor to relinquish control over the intermediate term, we project that leverage is currently consistent with a '4' (significant) financial risk profile (see tables 17, 18, and 19), the company has said it will maintain leverage at or below this level, and liquidity is at least adequate.

Table 24

### Financial Risk Profile Implications For Sponsor-Owned Issuers

Assessment	What it Means	Guidance
FS-4	Financial risk profile set at '4'	<p>Issuer must meet all of the following conditions:</p> <ul style="list-style-type: none"> <li>• Other shareholders must own a material (no less than 20%) stake;</li> <li>• We anticipate that the sponsor will relinquish control over the medium term;</li> <li>• For issuers subject to Table 17 (standard volatility), debt to EBITDA is less than 4x, and we estimate that it will remain less than 4x. For issuers that are subject to Table 18 (medial volatility), debt to EBITDA is below 4.5x and we forecast it to remain below that level. Or for issuers subject to Table 19 (low volatility), debt to EBITDA is less than 5x and our estimation is it will remain below that level;</li> <li>• The company has indicated a financial policy stipulating a level of leverage consistent with a significant or better financial risk profile (that is, debt to EBITDA of less than 4x when applying standard volatility tables, 4.5x when applying medial volatility tables, or less than 5x when applying low volatility tables) and</li> <li>• We assess liquidity to be at least adequate, with adequate covenant headroom.</li> </ul>
FS-5	Financial risk profile set at '5'	<p>Issuer must meet all of the following conditions:</p> <ul style="list-style-type: none"> <li>• For issuers subject to the standard volatility table, debt to EBITDA is less than 5x, and we estimate that it will remain less than 5x. For issuers that are subject to the medial volatility table, debt to EBITDA is below 5.5x and we forecast it to remain below that level. Or for issuers subject to the low volatility table, debt to EBITDA is less than 6x and our estimation is it will remain below that level;</li> <li>• We believe the risk of releveraging beyond 5x (standard volatility issuer), 5.5x (medial volatility issuer), or 6x (low volatility issuer) is low; and</li> <li>• We assess liquidity to be at least adequate, with adequate covenant headroom.</li> </ul>
FS-6	Financial risk profile set at '6'	Standard & Poor's debt to EBITDA is greater than 5x (when applying the standard volatility table), greater than 5.5x (when applying the medial volatility table), or greater than 6x (when applying the low volatility table). However, we believe leverage is unlikely to increase meaningfully beyond these levels.
FS-6 (minus)	Financial risk profile set at '6', and anchor reduced by one notch (unless this results in a final rating below 'B-')	In determining the anchor the financial risk profile is a '6', but we believe the track record of the financial sponsor indicates that leverage could increase materially from already high levels.

© Standard &amp; Poor's 2013.

### 3. Companies not controlled by a financial sponsor

172. For companies not controlled by a financial sponsor we evaluate management's financial discipline and financial policy framework to determine the influence on an entity's financial risk profile beyond what is implied by recent credit ratios and our cash flow and leverage forecasts. This influence can be positive, neutral, or negative.
173. We do not distinguish between management and a controlling shareholder that is not a financial sponsor when assessing these subfactors, as the controlling shareholder usually has the final say on financial policy.

**a) Financial discipline**

4. The financial discipline assessment is based on management's leverage tolerance and the likelihood of event risk. The criteria evaluate management's potential appetite to incur unforeseen, higher financial risk over a prolonged period and the associated impact on credit measures. We also assess management's capacity and commitment to rapidly decrease debt leverage to levels consistent with its credit ratio targets.
  175. This assessment therefore seeks to determine whether unforeseen actions by management to increase, maintain, or reduce financial risk are likely to occur during the next two to three years, with either a negative or positive effect, or none at all, on our baseline forecasts for the period.
  176. This assessment is based on the leverage tolerance of a company's management, as reflected in its plans or history of acquisitions, shareholder remuneration, and organic growth strategies (see Appendix E, paragraphs 258 to 263).
  177. We assess financial discipline as positive, neutral, or negative, based on its potential impact on our forward-looking assessment of a firm's cash flow/leverage, as detailed in table 25. For example, a neutral assessment for leverage tolerance reflects our expectation that management's financial policy will unlikely lead to significant deviation from current and forecasted credit ratios. A negative assessment acknowledges a significant degree of event risk of increased leverage relative to our base-case forecast, resulting from the company's acquisition policy, its shareholder remuneration policy, or its organic growth strategy. A positive assessment indicates that the company is likely to take actions to reduce leverage, but we cannot confidently incorporate these actions into our baseline forward-looking assessment of cash flow/leverage.
3. A positive assessment indicates that management is committed and has the capacity to reduce debt leverage through the rapid implementation of credit enhancing measures, such as asset disposals, rights issues, or reductions in shareholder returns. In addition, management's track record over the past five years shows that it has taken actions to rapidly reduce unforeseen increases in debt leverage and that there have not been any prolonged periods when credit ratios were weaker than our expectations for the rating. Management, even if new, also has a track record of successful execution. Conversely, a negative assessment indicates management's financial policy allows for significant increase in leverage compared with both current levels and our forward-looking forecast under normal operating/financial conditions or does not have observable time limits or stated boundaries. Management has a track record of allowing for significant and prolonged peaks in leverage and there is no commitment or track record of management using mitigating measures to rapidly return to credit ratios consistent with our expectations.
  179. As evidence of management's leverage tolerance, we evaluate its track record and plans regarding acquisitions, shareholder remuneration, and organic growth strategies (see Appendix E, paragraphs 258 to 263). Acquisitions could increase the risk that leverage will be higher than our base-case forecast if we view management's strategy as opportunistic or if its financial policy (if it exists) provides significant headroom for debt-financed acquisitions. Shareholder remuneration could also increase the risk of leverage being higher than our base-case forecast if management's shareholder reward policies are not particularly well defined or have no clear limits, management has a tolerance for shareholder returns exceeding operating cash flow, or has a track record of sustained cash returns despite weakening operating performance or credit ratios. Organic growth strategies can also result in leverage higher than our base-case forecast if these plans have no clear focus or investment philosophy, capital spending is fairly unpredictable,

or there is a track record of overspending or unexpected or rapid shifts in plans for new markets or products.

180. We also take into account management's track record and level of commitment to its stated financial policies, to the extent a company has a stated policy. Historical evidence and any deviations from stated policies are key elements in analyzing a company's leverage tolerance. Where material and unexpected deviation in leverage may occur (for example, on the back of operating weakness or acquisitions), we also assess management's plan to restore credit ratios to levels consistent with previous expectations through rapid and proactive non-organic measures. Management's track record to execute its deleveraging plan, its level of commitment, and the scope and timeframe of debt mitigating measures will be key differentiators in assessing a company's financial policy discipline.

**Table 25****Assessing Financial Discipline**

Descriptor	What it means	Guidance
Positive	Management is likely to take actions that result in leverage that is lower than our base-case forecast, but can't be confidently included in our base-case assumptions. Event risk is low.	Management is committed and has capacity to reduce debt leverage and increase financial headroom through the rapid implementation of credit enhancing measures, in line with its stated financial policy, if any. This relates primarily to management's careful and moderate policy with regard to acquisitions and shareholder remuneration as well as to its organic growth strategy. The assessments are supported by historical evidence over the past five years of not showing any prolonged weakening in the company's credit ratios, or relative to our base-case credit metrics' assumptions. Management, even if new, has a track record of successful execution.
Neutral	Leverage is not expected to deviate materially from our base-case forecast. Event risk is moderate.	Management's financial discipline with regard to acquisitions, shareholder remuneration, as well as its organic growth strategy does not result in significantly different leverage as defined in its stated financial policy framework.
Negative	Leverage could become materially higher than our base-case forecast. Event risk is high.	Management's financial policy framework does not explicitly rule out a significant increase in leverage compared to our base-case assumptions, possibly reflecting a greater event risk with regard to its M&A and shareholder remuneration policy as well as to its organic growth strategy. These points are supported by historical evidence over the past five years of allowing for significant and prolonged peaks in leverage, which remained unmitigated by credit supporting measures by management.

**b) Financial policy framework**

181. The company's financial policy framework assesses the comprehensiveness, transparency, and sustainability of the entity's financial policies (see Appendix E, paragraphs 264-268). This will help determine whether there is a satisfactory degree of visibility into the issuer's future financial risk profile. Companies that have developed and sustained a comprehensive set of financial policies are more likely to build long-term, sustainable credit quality than those that do not.
182. We will assess a company's financial policy framework as supportive or non-supportive based on evidence that supports the characteristics listed below. In order for an entity to receive a supportive assessment for financial policy framework, there must be sufficient evidence of management's financial policies to back that assessment.
183. A company assessed as supportive will generally exhibit the following characteristics:
- Management has a comprehensive set of financial policies covering key areas of financial risk, including debt leverage and liability management. Financial targets are well defined and quantifiable.
  - Management's financial policies are clearly articulated in public forums (such as public listing disclosures and investor presentations) or are disclosed to a limited number of key stakeholders such as main creditors or to the credit rating agencies. The company's adherence to these policies is satisfactory.



- Management's articulated financial policies are considered achievable and sustainable. This assessment takes into consideration historical adherence to articulated policies, existing financial risk profile, capacity to sustain capital structure through nonorganic means, demands of key stakeholders, and the stability of financial policy parameters over time.

184. A company receives a non-supportive assessment if it does not meet all the conditions for a supportive assessment. We expect a non-supportive assessment to be uncommon.

## I. Liquidity

185. Our assessment of liquidity focuses on monetary flows--the sources and uses of cash--that are the key indicators of a company's liquidity cushion. The analysis assesses the potential for a company to breach covenant tests related to declines in EBITDA, as well as its ability to absorb high-impact, low-probability events, the nature of the company's bank relationships, its standing in credit markets, and how prudent (or not) we believe its financial risk management to be (see "Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers," published Nov. 19, 2013).

## J. Management And Governance

186. The analysis of management and governance addresses how management's strategic competence, organizational effectiveness, risk management, and governance practices shape the issuer's competitiveness in the marketplace, the strength of its financial risk management, and the robustness of its governance. Stronger management of important strategic and financial risks may enhance creditworthiness (see "Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers," published Nov. 13, 2012).

## K. Comparable Ratings Analysis

187. The comparable ratings analysis is our last step in determining a SACP on a company. This analysis can lead us to raise or lower our anchor, after adjusting for the modifiers, on a company by one notch based on our overall assessment of its credit characteristics for all subfactors considered in arriving at the SACP. This involves taking a holistic review of a company's stand-alone credit risk profile, in which we evaluate an issuer's credit characteristics in aggregate. A positive assessment leads to a one-notch upgrade, a negative assessment leads to a one-notch downgrade, and a neutral assessment indicates no change to the anchor.
188. The application of comparable ratings analysis reflects the need to "fine-tune" ratings outcomes, even after the use of each of the other modifiers. A positive or negative assessment is therefore likely to be common rather than exceptional.
189. We consider our assessments of each of the underlying subfactors to be points within a possible range. Consequently, each of these assessments that ultimately generate the SACP can be at the upper or lower end, or at the mid-point, of such a range:

- A company receives a positive assessment if we believe, in aggregate, its relative ranking across the subfactors typically to be at the higher end of the range;
- A company receives a negative assessment if we believe, in aggregate, its relative ranking across the subfactors typically to be at the lower end of the range;
- A company receives a neutral assessment if we believe, in aggregate, its relative ranking across the subfactors typically to be in line with the middle of the range.

190. The most direct application of the comparable ratings analysis is in the following circumstances:

- Business risk assessment. If we expect a company to sustain a position at the higher or lower end of the ranges for the business risk category assessment, the company could receive a positive or negative assessment, respectively.
- Financial risk assessment and financial metrics. If a company's actual and forecasted metrics are just above (or just below) the financial risk profile range, as indicated in its cash flow/leverage assessment, we could assign a positive or negative assessment.

191. We also consider additional factors not already covered, or existing factors not fully captured, in arriving at the SACP. Such factors will generally reflect less frequently observed credit characteristics, may be unique, or may reflect unpredictability or uncertain risk attributes, both positive and negative.

192. Some examples that we typically expect could lead to a positive or negative assessment using comparable ratings analysis include:

- Short operating track record. For newly formed companies or companies that have experienced transformational events, such as a significant acquisition, a lack of an established track record of operating and financial performance could lead to a negative assessment until such a track record is established.
- Entities in transition. A company in the midst of changes that we anticipate will strengthen or weaken its creditworthiness and that are not already fully captured elsewhere in the criteria could receive a positive or negative assessment. Such a transition could occur following major divestitures or acquisitions, or during a significant overhaul of its strategy, business, or financial structure.
- Industry or macroeconomic trends. When industry or macroeconomic trends indicate a strengthening or weakening of the company's financial condition that is not already fully captured elsewhere in the criteria, the company could receive a positive or negative assessment, respectively.
- Unusual funding structures. A company with exceptional financial resources that the criteria do not capture in the traditional ratio or liquidity analysis, or in capital structure analysis, could receive a positive assessment.
- Contingent risk exposures. How well (or not) a company identifies, manages, and reserves for contingent risk exposures that can arise if guarantees are called, derivative contract break clauses are activated, or substantial lawsuits are lost could lead to a negative assessment.

## **SUPERSEDED CRITERIA FOR ISSUERS WITHIN THE SCOPE OF THESE CRITERIA**

- Companies Owned By Financial Sponsors: Rating Methodology, March 21, 2013
- Methodology: Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- How Stock Prices Can Affect An Issuer's Credit Rating, Sept. 26, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
- Credit FAQ: Knowing The Investors In A Company's Debt And Equity, April 4, 2006

## RELATED CRITERIA

- Methodology: Industry Risk, Nov. 19, 2013
- Corporate Criteria: Ratios And Adjustments, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Nov. 19, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Principles Of Credit Ratings, published Feb. 16, 2011
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Criteria Guidelines For Recovery Ratings On Global Industrial Issuers' Speculative-Grade Debt, Aug. 10, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

## APPENDIXES

### A. Country Risk

**Table 26**

Country And Regional Risk		
Region		
Western Europe		
Southern Europe		
Western + Southern Europe		
East Europe		
Central Europe		
Eastern Europe and Central Asia		
Middle East		
Africa		
North America		
Central America		
Latin America		
The Caribbean		
Asia-Pacific		
Central Asia		
East Asia		
Australia NZ		
Country	Region	GDP weighting (%)
South Africa	Africa	30.2
Egypt	Africa	28.0
Nigeria	Africa	23.5
Morocco	Africa	8.9

Table 26

Country And Regional Risk (cont.)		
Tunisia	Africa	5.4
Senegal	Africa	1.4
Mozambique	Africa	1.4
Zambia	Africa	1.2
Indonesia	Asia-Pacific	27.1
Taiwan	Asia-Pacific	20.1
Thailand	Asia-Pacific	14.4
Malaysia	Asia-Pacific	11.0
Philippines	Asia-Pacific	9.5
Vietnam	Asia-Pacific	7.1
Bangladesh	Asia-Pacific	6.8
Sri Lanka	Asia-Pacific	2.8
Laos	Asia-Pacific	0.4
Papua New Guinea	Asia-Pacific	0.4
Mongolia	Asia-Pacific	0.3
Australia	Australia NZ	88.2
New Zealand	Australia NZ	11.8
Guatemala	Central America	40.5
Costa Rica	Central America	30.2
Panama	Central America	29.3
India	Central Asia	86.5
Pakistan	Central Asia	9.3
Kazakhstan	Central Asia	4.2
Poland	Central Europe	46.3
Czech Republic	Central Europe	16.6
Hungary	Central Europe	11.3
Slovakia	Central Europe	7.7
Bulgaria	Central Europe	6.0
Croatia	Central Europe	4.6
Lithuania	Central Europe	3.8
Latvia	Central Europe	2.1
Estonia	Central Europe	1.6
China	East Asia	64.5
Japan	East Asia	23.6
Korea	East Asia	8.4
Hong Kong	East Asia	1.9
Singapore	East Asia	1.7
Greece	East Europe	77.5
Slovenia	East Europe	16.0
Cyprus	East Europe	6.5
Russia	Eastern Europe and Central Asia	80.4
Ukraine	Eastern Europe and Central Asia	10.8

**Table 26**

Country And Regional Risk (cont.)		
Belarus	Eastern Europe and Central Asia	4.8
Azerbaijan	Eastern Europe and Central Asia	3.2
Georgia	Eastern Europe and Central Asia	0.9
Brazil	Latin America	35.3
Mexico	Latin America	26.3
Argentina	Latin America	11.1
Colombia	Latin America	7.5
Venezuela	Latin America	6.0
Peru	Latin America	4.9
Chile	Latin America	4.8
Ecuador	Latin America	2.0
Uruguay	Latin America	0.8
El Salvador	Latin America	0.7
Paraguay	Latin America	0.6
Belize	Latin America	0.0
Turkey	Middle East	42.8
Saudi Arabia	Middle East	28.2
Israel	Middle East	9.4
Qatar	Middle East	7.2
Kuwait	Middle East	6.3
Oman	Middle East	3.4
Jordan	Middle East	1.5
Bahrain	Middle East	1.2
United States	North America	91.5
Canada	North America	8.5
Italy	Southern Europe	52.6
Spain	Southern Europe	40.4
Portugal	Southern Europe	7.0
Dominican Republic	The Caribbean	75.4
Jamaica	The Caribbean	19.2
Barbados	The Caribbean	5.4
Germany	Western Europe	28.7
United Kingdom	Western Europe	21.3
France	Western Europe	20.7
Netherlands	Western Europe	6.5
Belgium	Western Europe	3.9
Sweden	Western Europe	3.6
Switzerland	Western Europe	3.3
Austria	Western Europe	3.3
Norway	Western Europe	2.6
Denmark	Western Europe	1.9
Finland	Western Europe	1.8

**Table 26**

Country And Regional Risk (cont.)		
Ireland	Western Europe	1.8
Luxembourg	Western Europe	0.4
Iceland	Western Europe	0.1
Malta	Western Europe	0.1

## B. Competitive Position

**Table 27**

List Of Industries, Subsectors, And Standard Competitive Position Group Profiles		
Industry	Subsector	Competitive position group profile
Transportation cyclical	Airlines	Capital or asset focus
	Marine	Capital or asset focus
	Trucking	Capital or asset focus
Auto OEM	Automobile and truck manufacturers	Capital or asset focus
Metals and mining downstream	Aluminum	Commodity focus/cost driven
	Steel	Commodity focus/cost driven
Metals and mining upstream	Coal and consumable fuels	Commodity focus/cost driven
	Diversified metals and mining	Commodity focus/cost driven
	Gold	Commodity focus/cost driven
	Precious metals and minerals	Commodity focus/cost driven
Homebuilders and developers	Homebuilding	Capital or asset focus
Oil and gas refining and marketing	Oil and gas refining and marketing	Commodity focus/scale driven
Forest and paper products	Forest products	Commodity focus/cost driven
	Paper products	Commodity focus/cost driven
Building Materials	Construction materials	Capital or asset focus
Oil and gas integrated, exploration and production	Integrated oil and gas	Commodity focus/scale driven
	Oil and gas exploration and production	Commodity focus/scale driven
Agribusiness and commodity foods	Agricultural products	Commodity focus/scale driven
Real estate investment trusts (REITs)	Diversified REITs	Real-estate specific*
	Health care REITs	Real-estate specific*
	Industrial REITs	Real-estate specific*
	Office REITs	Real-estate specific*
	Residential REITs	Real-estate specific*
	Retail REITs	Real-estate specific*
	Specialized REITs	Not applicable**
	Self-storage REITs	Real-estate specific*
	Net lease REITs	Real-estate specific*
	Real estate operating companies	Real-estate specific*
Leisure and sports	Casinos and gaming	Services and product focus
	Hotels, resorts, and cruise lines	Services and product focus

**Table 27**

<b>List Of Industries, Subsectors, And Standard Competitive Position Group Profiles (cont.)</b>			
	Leisure facilities	Services and product focus	
Commodity chemicals	Commodity chemicals	Commodity focus/cost driven	
	Diversified chemicals	Commodity focus/cost driven	
	Fertilizers and agricultural chemicals	Commodity focus/cost driven	
Auto suppliers	Auto parts and equipment	Capital or asset focus	
	Tires and rubber	Capital or asset focus	
	Vehicle-related suppliers	Capital or asset focus	
Aerospace and defense	Aerospace and defense	Services and product focus	
Technology hardware and semiconductors	Communications equipment	Capital or asset focus	
	Computer hardware	Capital or asset focus	
	Computer storage and peripherals	Capital or asset focus	
	Consumer electronics	Capital or asset focus	
	Electronic equipment and instruments	Capital or asset focus	
	Electronic components	Capital or asset focus	
	Electronic manufacturing services	Capital or asset focus	
	Technology distributors	Capital or asset focus	
	Office electronics	Capital or asset focus	
	Semiconductor equipment	Capital or asset focus	
	Semiconductors	Capital or asset focus	
	Specialty Chemicals	Industrial gases	Capital or asset focus
		Specialty chemicals	Capital or asset focus
Capital Goods	Electrical components and equipment	Capital or asset focus	
	Heavy equipment and machinery	Capital or asset focus	
	Industrial componentry and consumables	Capital or asset focus	
	Construction equipment rental	Capital or asset focus	
	Industrial distributors	Services and product focus	
Engineering and construction	Construction and engineering	Services and product focus	
Railroads and package express	Railroads	Capital or asset focus	
	Package express	Services and product focus	
	Logistics	Services and product focus	
Business and consumer services	Consumer services	Services and product focus	
	Distributors	Services and product focus	
	Facilities services	Services and product focus	
	General support services	Services and product focus	
	Professional services	Services and product focus	
Midstream energy	Oil and gas storage and transportation	Commodity focus/scale driven	
Technology software and services	Internet software and services	Services and product focus	
	IT consulting and other services	Services and product focus	
	Data processing and outsourced services	Services and product focus	
	Application software	Services and product focus	
	Systems software	Services and product focus	
	Consumer software	Services and product focus	

Table 27

List Of Industries, Subsectors, And Standard Competitive Position Group Profiles (cont.)			
Consumer durables	Home furnishings	Services and product focus	
	Household appliances	Services and product focus	
	Housewares and specialties	Services and product focus	
	Leisure products	Services and product focus	
	Photographic products	Services and product focus	
	Small appliances	Services and product focus	
Containers and packaging	Metal and glass containers	Capital or asset focus	
	Paper packaging	Capital or asset focus	
Media and entertainment	Ad agencies and marketing services companies	Services and product focus	
	Ad-supported internet content platforms	Services and product focus	
	Broadcast TV networks	Services and product focus	
	Cable TV networks	Services and product focus	
	Consumer and trade magazines	Services and product focus	
	Data/professional publishing	Services and product focus	
	Directories	Services and product focus	
	E-Commerce (services)	Services and product focus	
	Educational publishing	Services and product focus	
	Film and TV programming production	Capital or asset focus	
	Miscellaneous media and entertainment	Services and product focus	
	Motion picture exhibitors	Services and product focus	
	Music publishing	Services and product focus	
	Music recording	Services and product focus	
	Newspapers	Services and product focus	
	Outdoor advertising	Services and product focus	
	Oil and gas drilling, equipment and services	Printing	Commodity focus/scale driven
Radio broadcasters		Services and product focus	
Trade shows		Services and product focus	
TV stations		Services and product focus	
Onshore contract drilling		Commodity focus/scale driven	
Offshore contract drilling		Capital or Asset Focus	
Oil and gas equipment and services (oilfield services)		Commodity focus/scale driven	
Retail and restaurants		Catalog retail	Services and product focus
		Internet retail	Services and product focus
	Department stores	Services and product focus	
	General merchandise stores	Services and product focus	
	Apparel retail	Services and product focus	
	Computer and electronics retail	Services and product focus	
	Home improvement retail	Services and product focus	
	Specialty stores	Services and product focus	
	Automotive retail	Services and product focus	
	Home furnishing retail	Services and product focus	



**Table 27**

List Of Industries, Subsectors, And Standard Competitive Position Group Profiles (cont.)		
Health care services	Health care services	Commodity focus/scale driven
Transportation infrastructure	Airport services	National industries and utilities
	Highways	National industries and utilities
	Railtracks	National industries and utilities
	Marine ports and services	National industries and utilities
Environmental services	Environmental and facilities services	Services and product focus
Regulated utilities	Electric utilities	National industries and utilities
	Gas utilities	National industries and utilities
	Multi-utilities	National industries and utilities
	Water utilities	National industries and utilities
Unregulated power and gas	Independent power producers and energy traders	Capital or asset focus
	Merchant power	Capital or asset focus
Pharmaceuticals	Branded pharmaceuticals	Services and product focus
	Generic pharmaceuticals	Commodity focus/scale driven
Health care equipment	High-tech health care equipment	Product focus/scale driven
	Low-tech health care equipment	Commodity focus/scale driven
Branded nondurables	Brewers	Services and product focus
	Distillers and vintners	Services and product focus
	Soft drinks	Services and product focus
	Packaged foods and meats	Services and product focus
	Tobacco	Services and product focus
	Household products	Services and product focus
	Apparel, footwear, accessories, and luxury goods	Services and product focus
	Personal products	Services and product focus
Telecommunications and cable	Cable and satellite	Services and product focus
	Alternative carriers	Services and product focus
	Integrated telecommunication services	Services and product focus
	Wireless towers	Capital or asset focus
	Data center operators	Capital or asset focus
	Fiber-optic carriers	Capital or asset focus
	Wireless telecommunication services	Services and product focus

\*See "Key Credit Factors For The Real Estate Industry," published Nov. 19, 2013. \*\*For specialized REITs, there is no standard CPGP, as the CPGP will vary based on the underlying industry exposure (e.g. a forest and paper products REIT).

### 1. Analyzing subfactors for competitive advantage

193. Competitive advantage is the first component of our competitive position analysis. Companies that possess a sustainable competitive advantage are able to capitalize on key industry factors or mitigate associated risks more effectively. When a company operates in more than one business, we analyze each segment separately to form an overall view of its competitive advantage. In assessing competitive advantage, we evaluate the following subfactors:

- Strategy;
- Differentiation/uniqueness, product positioning/bundling;

- Brand reputation and marketing;
- Product/service quality;
- Barriers to entry, switching costs;
- Technological advantage and capabilities, technological displacement; and
- Asset profile.

#### **a) Strategy**

194. A company's business strategy will enhance or undermine its market entrenchment and business stability. Compelling business strategies can create a durable competitive advantage and thus a relatively stronger competitive position. We form an opinion as to the source and sustainability (if any) of the company's competitive advantage relative to its peers'. The company may have a differentiation advantage (i.e., brand, technology, regulatory) or a cost advantage (i.e., lower cost producer/servicer at the same quality level), or a combination.
195. Our assessment of a company's strategy is informed by a company's historical performance and how realistic we view its forward-looking business objectives to be. These may include targets for market shares, the percentage of revenues derived from new products, price versus the competition's, sales or profit growth, and required investment levels. We evaluate these objectives in the context of industry dynamics and the attractiveness of the markets in which the company participates.

#### **b) Differentiation/uniqueness, product positioning/bundling**

196. The attributes of product or service differentiation vary by sector, and may include product or services features, performance, durability, reliability, delivery, and comprehensiveness, among other measures. The intensity of competition may be lower where buyers perceive the product or service to be highly differentiated or to have few substitutes. Conversely, products and services that lack differentiation, or offer little value-added in the eyes of customers, are generally commodity-type products that primarily compete on price. Competition intensity will often be highest where limited or moderate investment (R&D, capital expenditures, or advertising) or low employee skill levels (for service businesses) are required to compete. Independent market surveys, media commentaries, market share trends, and evidence of leading or lagging when it comes to raising or lowering prices can indicate varying degrees of product differentiation.
197. Product positioning influences how companies are able to extend or protect market shares by offering popular products or services. A company's abilities to replace aging products with new ones, or to launch product extensions, are important elements of product positioning. In addition, the ability to sell multiple products or services to the same customer, known as bundling or cross-selling, (for instance, offering an aftermarket servicing contract together with the sale of a new appliance) can create a competitive advantage by increasing customers' switching costs and fostering loyalty.

#### **c) Brand reputation and marketing**

198. Brand equity measures the price premium a company receives based on its brand relative to the generic equivalent. High brand equity typically translates into customer loyalty, built partially via marketing campaigns. One measure of advertising effectiveness can be revenue growth compared with the increase in advertising expenses.
199. We also analyze re-investment and advertising strategies to anticipate potential strengthening or weakening of a

company's brand. A company's track record of boosting market share and delivering attractive margins could indicate its ability to build and maintain brand reputation.

#### **d) Product/service level quality**

200. The strength and consistency of a value proposition is an important factor contributing to a sustainable competitive advantage. Value proposition encompasses the key features of a product or a service that convince customers that their purchase has the right balance between price and quality. Customers generally perceive a product or a service to be good if their expectations are consistently met. Quality, both actual and perceived, can help a company attract and retain customers. Conversely, poor product and service quality may lead to product recalls, higher-than-normal product warnings, or service interruptions, which may reduce demand. Measures of customer satisfaction and retention, such as attrition rates and contract renewal rates, can help trace trends in product/service quality.
201. Maintaining the value proposition requires consistency and adaptability around product design, marketing, and quality-related operating controls. This is pertinent where product differentiation matters, as is the case in most noncommodity industries, and especially so where environmental or human health (concerns for the chemical, food, and pharmaceutical industries) adds a liability dimension to the quality and value proposition. Similarly, regulated utilities (which often do not set their own prices) typically focus on delivering uninterrupted service, often to meet the standards set by their regulator.

#### **e) Barriers to entry, switching costs**

202. Barriers to entry can reduce or eliminate the threat of new market entrants. Where they are effective, these barriers can lead to more predictable revenues and profits, by limiting pricing pressures and customer losses, lowering marketing costs, and improving operating efficiency. While barriers to entry may enable premium pricing, a dominant player may rationally choose pricing restraint to further discourage new entrants.
203. Barriers to entry can be one or more of: a natural or regulatory monopoly; supportive regulation; high transportation costs; an embedded customer base that would incur high switching costs; a proprietary product or service; capital or technological intensiveness.
204. A natural monopoly may result from unusually high requirements for capital and operating expenditures that make it uneconomic for a market to support more than a single, dominant provider. The ultimate barrier to entry is found among regulated utilities, which provide an essential service in their 'de juris' monopolies and receive a guaranteed rate of return on their investments. A supportive regulatory regime can include rules and regulations with high hurdles that discourage competitors, or mandate so many obligations for a new entrant as to make market entry financially unviable.
205. In certain industrial sectors, proprietary access to a limited supply of key raw materials or skilled labor, or zoning laws that effectively preclude a new entrant, can provide a strong barrier to entry. Factors such as relationships, long-term contracts or maintenance agreements, or exclusive distribution agreements can result in a high degree of customer stickiness. A proprietary product or service that's protected by a copyright or patent can pose a significant hurdle to new competitors.

**f) Technological advantage and capabilities, technological displacement**

206. A company may benefit from a proprietary technology that enables it to offer either a superior product or a commodity-type product at a materially lower cost. Proven research and development (R&D) capabilities can deliver a differentiated, superior product or service, as in the pharmaceutical or high tech sectors. However, optimal R&D strategies or the importance or effectiveness of patent protection differ by industry, stage of product development, and product lifecycle.
207. Technological displacement can be a threat in many industries; new technologies or extensions of current ones can effectively displace a significant portion of a company's products or services.

**g) Asset profile**

208. A company's asset profile is a reflection of its reinvestment, which creates tangible or intangible assets, or both. Companies in similar sectors and industries usually have similar reinvestment options and, thus, their asset profiles tend to be comparable. The reinvestment in "heavy" industries, such as oil and gas, metals and mining, and automotive, tends to produce more tangible assets, whereas the reinvestment in certain "light" industries, such as services, media and entertainment, and retail, tends to produce more intangible assets.
209. We evaluate how a company's asset profile supports or undermines its competitive advantage by reviewing its manufacturing or service creation capabilities and investment requirements, its distribution capabilities, and its track record and commitment to reinvesting in its asset base. This may include a review of the company's ability to attract and retain a talented workforce; its degree of vertical integration and how that may help or hinder its ability to secure supply sources, control the value-added part of its production chain, or adjust to technological developments; or its ability develop a broad and strong distribution network.

**2. Analyzing subfactors for scale, scope, and diversity**

210. In assessing the relative strength of this component, we evaluate four subfactors:
- Diversity of product or service range;
  - Geographic diversity;
  - Volumes, size of markets and revenues, and market shares; and
  - Maturity of products or services.
211. In a given industry, entities with a broader mix of business activities are typically lower risk, and entities with a narrower mix are higher risk. High concentration of business volumes by product, customer, or geography, or a concentration in the production footprint or supplier base, can lead to less stable and predictable revenues and profits. Comparatively broader diversity helps a company withstand economic, competitive, or technological threats better than its peers.
212. There is no minimum size criterion, although size often provides a measure of diversification. Size and scope of operations is important relative to those of industry peers, though not in absolute terms. While relatively smaller companies can enjoy a high degree of diversification, they will likely be, almost by definition, more concentrated in terms of product, number of customers, or geography than their larger peers in the same industry.
213. Successful and continuing diversification supports a stronger competitive position. Conversely, poor diversification

weakens overall competitive position. For example, a company will weaken its overall business position if it enters new product lines and countries where it has limited expertise and lacks critical mass to be a real competitor to the incumbent market leaders. The weakness is greater when the new products or markets are riskier than the traditional core business.

214. Where applicable, we also include under scale, scope, and diversity an assessment of the potential benefits derived from unconsolidated (or partially consolidated) investments in strategic assets. The relative significance of such an investment and whether it is in an industry that exhibits high or, conversely, low correlation with the issuer's businesses would be considered in determining its potential benefits to scale, scope, and diversity. This excludes nonstrategic, financial investments, the analysis of which does not fall under the competitive position criteria but, instead, under the capital structure criteria.

#### **a) Diversity of product or service range**

215. The concentration of business volumes or revenues in a particular or comparatively small set of products or services can lead to less stable revenues and profits. Even if this concentration is in an attractive product or service, it may be a weakness. Likewise, the concentration of business volumes with a particular customer or a small group of customers, or the reliance on one or a few suppliers, can expose the company to a potentially greater risk of losing and having to replace related revenues and profits. On the other hand, successful diversification across products, customers, and/or suppliers can lead to more stable and predictable revenues and profits, which supports a stronger assessment of scale, scope, and diversity.

216. The relative contribution of different products or services to a company's revenues or profits helps us gauge its diversity. We also evaluate the correlation of demand between product or services lines. High correlation in demand between seemingly different product or service lines will accentuate volume declines during a weak part of the business cycle.

217. In most sectors, the share of revenue a company receives from its largest five to 10 customers or counterparties reveals how diversified its customer base is. However, other considerations such as the stability and credit quality of that customer base, and the company's ability to retain significant customers, can be mitigating or accentuating factors in our overall evaluation. Likewise, supplier dependency can often be measured based on a supplier's share of a company's operating or capital costs. However, other factors, such as the degree of interdependence between the company and its supplier(s), the substitutability of key supply sources, and the company's presumed ability to secure alternative supply without incurring substantial switching costs, are important considerations. Low switching costs (i.e. limited impact on input price, quality, or delivery times as a result of having to adapt to a new supply chain partner) can mitigate a high level of concentration.

#### **b) Geographic diversity**

218. We assess geographic diversity both from the standpoint of the breadth of the company's served or addressable markets, and from the standpoint of how geographically concentrated its facilities are.

219. The concentration of business volumes and revenues within a particular region can lead to greater exposure to economic factors affecting demand for a company's goods or services in that region. Even if the company's volumes and revenues are concentrated in an attractive region, it may still be vulnerable to a significant drop in demand for its

### c) Working capital management

232. Working capital management--of current or short-term assets and liabilities--is a key factor in our evaluation of operating efficiency. In general, companies with solid working capital management skills exhibit shorter cash conversion cycles (defined as days' investment in inventory and receivables less days' investment in accounts payable) than their lower-skilled peers. Short cash-conversion cycles could, for instance, demonstrate that a company has a stronger position in the supply chain (for example, requiring suppliers or dealers to hold more of its inventory). This allows a company to direct more capital than its peers can to other areas of investment.

### d) Technology

233. Technology can play an important role in achieving superior operating efficiency through effective yield management (by improving input/output ratios), supply chain automation, and cost optimization.
234. Achieving high yield management is particularly important in industries with limited inventory and high fixed costs, such as transportation, lodging, media, and retail. The most efficient airlines can achieve higher revenue per available seat mile than their peers, while the most efficient lodging companies can achieve a higher revenue per available room than their peers. Both industries rely heavily on technology to effectively allocate inventory (seats and rooms) to maximize sales and profitability.
235. Effective supply chain automation systems enable companies to reduce investments in inventory and better forecast future orders based on current trends. By enabling electronic data interchange between supplier and retailer, such systems help speed orders and reorders for goods by quickly pinpointing which merchandise is selling well and needs restocking. They also identify slow moving inventory that needs to be marked down, making space available for fresh merchandise.
236. Effective use of technology can also help hold down costs by improving productivity via automation and workflow management. This can reduce selling, general, and administrative costs, which usually represent a substantial portion of expenditures for industries with high fixed costs, thus boosting earnings.

## 4. Industry-specific SER parameters

Table 28

	SER Calibration By Industry Based On EBITDA					
	--Volatility of profitability assessment*--					
	1	2	3	4	5	6
Transportation cyclical	=<10%	>10%-14%	>14%-22%	>22%-33%	>33%-76%	>76%
Auto OEM	=<25%	>25%-33%	>33%-35%	>35%-40%	>40%-46%	>46%
Metals and mining downstream	=<16%	>16%-31%	>31%-42%	>42%-53%	>53%-82%	>82%
Metals and mining upstream	=<16%	>16%-23%	>23%-28%	>28%-34%	>34%-59%	>59%
Homebuilders and developers	=<19%	>19%-33%	>33%-46%	>46%-65%	>65%-95%	>95%
Oil and gas refining and marketing	=<14%	>14%-21%	>21%-35%	>35%-46%	>46%-82%	>82%
Forest and paper products	=<9%	>9%-18%	>18%-26%	>26%-51%	>51%-114%	>114%
Building materials	=<9%	>9%-16%	>16%-19%	>19%-24%	>24%-33%	>33%
Oil and gas integrated, exploration and production	=<12%	>12%-19%	>19%-22%	>22%-28%	>28%-38%	>38%
Agribusiness and commodity foods	=<12%	>12%-19%	>19%-25%	>25%-39%	>39%-57%	>57%

Table 28

SER Calibration By Industry Based On EBITDA (cont.)						
Real estate investment trusts (REITs)	=<5%	>5%-9%	>9%-13%	>13%-20%	>20%-32%	>32%
Leisure and sports	=<5%	>5%-9%	>9%-12%	>12%-16%	>16%-24%	>24%
Commodity chemicals	=<14%	>14%-19%	>19%-28%	>28%-37%	>37%-51%	>51%
Auto suppliers	=<15%	>15%-20%	>20%-26%	>26%-32%	>32%-45%	>45%
Aerospace and defense	=<6%	>6%-9%	>9%-15%	>15%-24%	>24%-41%	>41%
Technology hardware and semiconductors	=<11%	>11%-15%	>15%-22%	>22%-31%	>31%-58%	>58%
Specialty chemicals	=<5%	>5%-10%	>10%-14%	>14%-23%	>23%-36%	>36%
Capital goods	=<12%	>12%-16%	>16%-21%	>21%-30%	>30%-45%	>45%
Engineering and construction	=<9%	>9%-14%	>14%-20%	>20%-28%	>28%-39%	>39%
Railroads and package express	=<5%	>5%-8%	>8%-10%	>10%-13%	>13%-22%	>22%
Business and consumer services	=<4%	>4%-8%	>8%-11%	>11%-16%	>16%-30%	>30%
Midstream energy	=<5%	>5%-9%	>9%-11%	>11%-15%	>15%-31%	>31%
Technology software and services	=<4%	>4%-9%	>9%-14%	>14%-19%	>19%-33%	>33%
Consumer durables	=<7%	>7%-10%	>10%-13%	>13%-19%	>19%-35%	>35%
Containers and packaging	=<5%	>5%-7%	>7%-12%	>12%-18%	>18%-26%	>26%
Media and entertainment	=<6%	>6%-10%	>10%-14%	>14%-20%	>20%-29%	>29%
Oil and gas drilling, equipment and services	=<16%	>16%-22%	>22%-28%	>28%-44%	>44%-62%	>62%
Retail and restaurants	=<4%	>4%-8%	>8%-11%	>11%-16%	>16%-26%	>26%
Health care services	=<4%	>4%-5%	>5%-9%	>9%-12%	>12%-19%	>19%
Transportation infrastructure	=<2%	>2%-4%	>4%-7%	>7%-12%	>12%-19%	>19%
Environmental services	=<5%	>5%-9%	>9%-13%	>13%-22%	>22%-29%	>29%
Regulated utilities	=<4%	>4%-7%	>7%-9%	>9%-14%	>14%-26%	>26%
Unregulated power and gas	=<7%	>7%-16%	>16%-20%	>20%-29%	>29%-47%	>47%
Pharmaceuticals	=<5%	>5%-8%	>8%-11%	>11%-17%	>17%-32%	>32%
Health care equipment	=<3%	>3%-5%	>5%-6%	>6%-10%	>10%-25%	>25%
Branded nondurables	=<4%	>4%-7%	>7%-10%	>10%-15%	>15%-43%	>43%
Telecommunications and cable	=<3%	>3%-6%	>6%-9%	>9%-13%	>13%-23%	>23%
Overall	=<5%	>5%-9%	>9%-15%	>15%-23%	>23%-43%	>43%

\*The data ranges include the values up to and including the upper bound. As an example, for a range of 5%-9%, a value of 5% is excluded, while a value of 9% is included; the numbers are rounded to the nearest whole number for presentation purposes.

Table 29

SER Calibration By Industry Based On EBITDA Margin						
--Volatility of profitability assessment*--						
	1	2	3	4	5	6
Transportation cyclical	=<4%	>4%-8%	>8%-16%	>16%-28%	>28%-69%	>69%
Auto OEM	=<15%	>15%-19%	>19%-29%	>29%-31%	>31%-45%	>45%
Metals and mining downstream	=<10%	>10%-18%	>18%-26%	>26%-36%	>36%-56%	>56%
Metals and mining upstream	=<8%	>8%-10%	>10%-14%	>14%-19%	>19%-31%	>31%
Homebuilders and developers	=<10%	>10%-18%	>18%-30%	>30%-56%	>56%-114%	>114%
Oil and gas refining and marketing	=<12%	>12%-22%	>22%-28%	>28%-42%	>42%-71%	>71%
Forest and paper products	=<8%	>8%-13%	>13%-21%	>21%-41%	>41%-117%	>117%
Building materials	=<4%	>4%-8%	>8%-13%	>13%-18%	>18%-23%	>23%

Table 29

SER Calibration By Industry Based On EBITDA Margin (cont.)						
Oil and gas integrated, exploration and production	=<4%	>4%-6%	>6%-8%	>8%-13%	>13%-22%	>22%
Agribusiness and commodity foods	=<9%	>9%-14%	>14%-18%	>18%-27%	>27%-100%	>100%
Real estate investment trusts (REITs)	=<2%	>2%-5%	>5%-8%	>8%-13%	>13%-34%	>34%
Leisure and sports	=<3%	>3%-5%	>5%-6%	>6%-9%	>9%-18%	>18%
Commodity chemicals	=<9%	>9%-14%	>14%-18%	>18%-25%	>25%-37%	>37%
Auto suppliers	=<9%	>9%-13%	>13%-18%	>18%-23%	>23%-40%	>40%
Aerospace and defense	=<3%	>3%-6%	>6%-7%	>7%-12%	>12%-24%	>24%
Technology hardware and semiconductors	=<7%	>7%-10%	>10%-15%	>15%-21%	>21%-62%	>62%
Specialty chemicals	=<3%	>3%-6%	>6%-10%	>10%-19%	>19%-28%	>28%
Capital goods	=<6%	>6%-9%	>9%-13%	>13%-20%	>20%-33%	>33%
Engineering and construction	=<6%	>6%-8%	>8%-12%	>12%-17%	>17%-26%	>26%
Railroads and package express	=<2%	>2%-6%	>6%-8%	>8%-10%	>10%-17%	>17%
Business and consumer services	=<3%	>3%-5%	>5%-7%	>7%-12%	>12%-22%	>22%
Midstream energy	=<3%	>3%-6%	>6%-9%	>9%-14%	>14%-28%	>28%
Technology software and services	=<3%	>3%-6%	>6%-10%	>10%-15%	>15%-30%	>30%
Consumer durables	=<4%	>4%-8%	>8%-11%	>11%-15%	>15%-26%	>26%
Containers and packaging	=<5%	>5%-7%	>7%-9%	>9%-15%	>15%-22%	>22%
Media and entertainment	=<4%	>4%-6%	>6%-9%	>9%-14%	>14%-24%	>24%
Oil and gas drilling, equipment and services	=<6%	>6%-12%	>12%-16%	>16%-22%	>22%-32%	>32%
Retail and restaurants	=<3%	>3%-5%	>5%-7%	>7%-12%	>12%-21%	>21%
Health care services	=<3%	>3%-5%	>5%-6%	>6%-8%	>8%-15%	>15%
Transportation infrastructure	=<1%	>1%-3%	>3%-5%	>5%-7%	>7%-15%	>15%
Environmental services	=<3%	>3%-4%	>4%-6%	>6%-10%	>10%-24%	>24%
Regulated utilities	=<4%	>4%-7%	>7%-9%	>9%-14%	>14%-24%	>24%
Unregulated power and gas	=<6%	>6%-10%	>10%-15%	>15%-23%	>23%-41%	>41%
Pharmaceuticals	=<4%	>4%-5%	>5%-7%	>7%-10%	>10%-21%	>21%
Health care equipment	=<2%	>2%-4%	>4%-5%	>5%-10%	>10%-16%	>16%
Branded nondurables	=<3%	>3%-6%	>6%-9%	>9%-13%	>13%-28%	>28%
Telecommunications and cable	=<2%	>2%-4%	>4%-5%	>5%-7%	>7%-13%	>13%
Overall	=<3%	>3%-6%	>6%-10%	>10%-16%	>16%-32%	>32%

\*The data ranges include the values up to and including the upper bound. As an example, for a range of 5%-9%, a value of 5% is excluded, while a value of 9% is included; the numbers are rounded to the nearest whole number for presentation purposes.

Table 30

SER Calibration By Industry Based On Return On Capital						
--Volatility of profitability assessment*--						
	1	2	3	4	5	6
Transportation cyclical	=<14%	>14%-28%	>28%-39%	>39%-53%	>53%-156%	>156%
Auto OEM	=<42%	>42%-64%	>64%-74%	>74%-86%	>86%-180%	>180%
Metals and mining downstream	=<25%	>25%-32%	>32%-43%	>43%-53%	>53%-92%	>92%
Metals and mining upstream	=<22%	>22%-30%	>30%-38%	>38%-45%	>45%-93%	>93%
Homebuilders and developers	=<12%	>12%-31%	>31%-50%	>50%-70%	>70%-88%	>88%



Table 30

SER Calibration By Industry Based On Return On Capital (cont.)						
Oil and gas refining and marketing	=<14%	>14%-30%	>30%-48%	>48%-67%	>67%-136%	>136%
Forest and paper products	=<10%	>10%-22%	>22%-40%	>40%-89%	>89%-304%	>304%
Building materials	=<13%	>13%-20%	>20%-26%	>26%-36%	>36%-62%	>62%
Oil and gas integrated, exploration and production	=<16%	>16%-22%	>22%-31%	>31%-43%	>43%-89%	>89%
Agribusiness and commodity foods	=<12%	>12%-15%	>15%-29%	>29%-55%	>55%-111%	>111%
Real estate investment trusts (REITs)	=<8%	>8%-14%	>14%-20%	>20%-26%	>26%-116%	>116%
Leisure and sports	=<11%	>11%-17%	>17%-26%	>26%-34%	>34%-64%	>64%
Commodity chemicals	=<19%	>19%-28%	>28%-41%	>41%-50%	>50%-73%	>73%
Auto suppliers	=<20%	>20%-39%	>39%-50%	>50%-67%	>67%-111%	>111%
Aerospace and defense	=<7%	>7%-13%	>13%-19%	>19%-27%	>27%-61%	>61%
Technology hardware and semiconductors	=<8%	>8%-21%	>21%-34%	>34%-49%	>49%-113%	>113%
Specialty chemicals	=<5%	>5%-18%	>18%-28%	>28%-43%	>43%-64%	>64%
Capital goods	=<15%	>15%-24%	>24%-31%	>31%-45%	>45%-121%	>121%
Engineering and construction	=<12%	>12%-21%	>21%-23%	>23%-33%	>33%-54%	>54%
Railroads and package express	=<3%	>3%-11%	>11%-17%	>17%-20%	>20%-27%	>27%
Business and consumer services	=<9%	>9%-17%	>17%-23%	>23%-40%	>40%-87%	>87%
Midstream energy	=<5%	>5%-11%	>11%-17%	>17%-22%	>22%-34%	>34%
Technology software and services	=<8%	>8%-21%	>21%-35%	>35%-65%	>65%-105%	>105%
Consumer durables	=<8%	>8%-13%	>13%-20%	>20%-35%	>35%-60%	>60%
Containers and packaging	=<6%	>6%-14%	>14%-23%	>23%-35%	>35%-52%	>52%
Media and entertainment	=<9%	>9%-17%	>17%-26%	>26%-40%	>40%-86%	>86%
Oil and gas drilling, equipment and services	=<25%	>25%-33%	>33%-45%	>45%-65%	>65%-90%	>90%
Retail and restaurants	=<6%	>6%-14%	>14%-18%	>18%-26%	>26%-69%	>69%
Health care services	=<6%	>6%-10%	>10%-15%	>15%-25%	>25%-44%	>44%
Transportation infrastructure	=<5%	>5%-9%	>9%-12%	>12%-16%	>16%-27%	>27%
Environmental Services	=<7%	>7%-12%	>12%-24%	>24%-35%	>35%-72%	>72%
Regulated utilities	=<6%	>6%-9%	>9%-13%	>13%-20%	>20%-36%	>36%
Unregulated power and gas	=<14%	>14%-19%	>19%-29%	>29%-55%	>55%-117%	>117%
Pharmaceuticals	=<6%	>6%-8%	>8%-15%	>15%-20%	>20%-33%	>33%
Health care equipment	=<4%	>4%-8%	>8%-19%	>19%-31%	>31%-81%	>81%
Branded nondurables	=<6%	>6%-10%	>10%-17%	>17%-29%	>29%-63%	>63%
Telecommunications and cable	=<7%	>7%-13%	>13%-19%	>19%-26%	>26%-60%	>60%
Overall	=<7%	>7%-15%	>15%-23%	>23%-38%	>38%-81%	>81%

\*The data ranges include the values up to and including the upper bound. As an example, for a range of 5%-9%, a value of 5% is excluded, while a value of 9% is included; the numbers are rounded to the nearest whole number for presentation purposes.

## C. Cash Flow/Leverage Analysis

### 1. The merits and drawbacks of each cash flow measure

**a) EBITDA**

237. EBITDA is a widely used, and therefore a highly comparable, indicator of cash flow, although it has significant limitations. Because EBITDA derives from the income statement entries, it can be distorted by the same accounting issues that limit the use of earnings as a basis of cash flow. In addition, interest can be a substantial cash outflow for speculative-grade companies and therefore EBITDA can materially overstate cash flow in some cases. Nevertheless, it serves as a useful and common starting point for cash flow analysis and is useful in ranking the financial strength of different companies.

**b) Funds from operations (FFO)**

238. FFO is a hybrid cash flow measure that estimates a company's inherent ability to generate recurring cash flow from its operations independent of working capital fluctuations. FFO estimates the cash flow available to the company before working capital, capital spending, and discretionary items such as dividends, acquisitions, etc.

239. Because cash flow from operations tends to be more volatile than FFO, FFO is often used to smooth period-over-period variation in working capital. We consider it a better proxy of recurring cash flow generation because management can more easily manipulate working capital depending on its liquidity or accounting needs. However, we do not generally rely on FFO as a guiding cash flow measure in situations where assessing working capital changes is important to judge a company's cash flow generating ability and general creditworthiness. For example, for working-capital-intensive industries such as retailing, operating cash flow may be a better indicator than FFO of the firm's actual cash generation.

240. FFO is a good measure of cash flow for well-established companies whose long-term viability is relatively certain (i.e., for highly rated companies). For such companies, there can be greater analytical reliance on FFO and its relation to the total debt burden. FFO remains very helpful in the relative ranking of companies. In addition, more established, healthier companies usually have a wider array of financing possibilities to cover potential short-term liquidity needs and to refinance upcoming maturities. For marginal credit situations, the focus shifts more to free operating cash flow--after deducting the various fixed uses such as working capital investment and capital expenditures--as this measure is more directly related to current debt service capability.

**c) Cash flow from operations (CFO)**

241. The measurement and analysis of CFO forms an important part of our ratings assessment, in particular for companies that operate in working-capital-intensive industries or industries in which working capital flows can be volatile. CFO is distinct from FFO as it is a pure measure of cash flow calculated after accounting for the impact on earnings of changes in operating assets and liabilities. CFO is cash flow that is available to finance items such as capital expenditures, repay borrowing, and pay for dividends and share buybacks.

242. In many industries, companies shift their focus to cash flow generation in a downturn. As a result, even though they typically generate less cash from ordinary business activities because of low capacity utilization and relatively low fixed-cost absorption, they may generate cash by reducing inventories and receivables. Therefore, although FFO is likely to be lower in a downturn, the impact on CFO may not be as great. In times of strong growth the opposite will be true, and consistently lower CFO compared to FFO without a corresponding increase in revenue and profitability can indicate an untenable situation.

243. Working capital is a key element of a company's cash flow generation. While there tends to be a need to build up working capital and therefore to consume cash in a growth or expansion phase, changes in working capital can also act as a buffer in case of a downturn. Many companies will sell off inventories and invest a lower amount in raw materials because of weaker business activities, both of which reduce the amount of capital and cash that is tied up in working capital. Therefore, working capital fluctuations can occur both in periods of revenue growth and contraction and analyzing a company's near-term working capital needs is crucial for estimating future cash flow developments.
244. Often, businesses that are capital intensive are not working-capital-intensive: most of the capital commitment is upfront in equipment and machinery, while asset-light businesses may have to invest proportionally more in inventories and receivables. That also affects margins, because capital-intensive businesses tend to have proportionally lower operating expenses (and therefore higher EBITDA margins), while working-capital-intensive businesses usually report lower EBITDA margins. The resulting cash flow volatility can be significant: because all investment is made upfront in a capital-intensive business, there is usually more room to absorb subsequent EBITDA volatility because margins are higher. For example, a capital-intensive company may remain reasonably profitable even if its EBITDA margin declines from 30% to 20%. By contrast, a working-capital-intensive business with a lower EBITDA margin (due to higher operating expenses) of 8% can post a negative EBITDA margin if EBITDA volatility is large.

#### **d) Free operating cash flow (FOCF)**

245. By deducting capital expenditures from CFO, we arrive at FOCF, which can be used as a proxy for a company's cash generated from core operations. We may exclude discretionary capital expenditures for capacity growth from the FOCF calculation, but in practice it is often difficult to discriminate between spending for expansion and replacement. And, while companies have some flexibility to manage their capital budgets to weather down cycles, such flexibility is generally temporary and unsustainable in light of intrinsic requirements of the business. For example, companies can be compelled to increase their investment programs because of strong demand growth or technological changes. Regulated entities (for example, telecommunications companies) might also face significant investment requirements related to their concession contracts (the understanding between a company and the host government that specifies the rules under which the company can operate locally).
246. Positive FOCF is a sign of strength and helpful in distinguishing between two companies with the same FFO. In addition, FOCF is helpful in differentiating between the cash flows generated by more and less capital-intensive companies and industries.
247. In highly capital-intensive industries (where maintenance capital expenditure requirements tend to be high) or in other situations in which companies have little flexibility to postpone capital expenditures, measures such as FFO to debt and debt to EBITDA may provide less valuable insight into relative creditworthiness because they fail to capture potentially meaningful capital expenditures. In such cases, a ratio such as FOCF to debt provides greater analytical insight.
248. A company serving a low-growth or declining market may exhibit relatively strong FOCF because of diminishing fixed and working capital needs. Growth companies, in contrast, exhibit thin or even negative FOCF because of the investment needed to support growth. For the low-growth company, credit analysis weighs the positive, strong current cash flow against the danger that this high level of cash flow might not be sustainable. For the high-growth company,

the opposite is true: weighing the negatives of a current cash deficit against prospects of enhanced cash flow once current investments begin yielding cash benefits. In the latter case, if we view the growth investment as temporary and not likely to lead to increased leverage over the long-term, we'll place greater analytical importance on FFO to debt rather than on FOCF to debt. In any event, we also consider the impact of a company's growth environment in our business risk analysis, specifically in a company's industry risk analysis (see section B).

#### **e) Discretionary cash flow (DCF)**

249. For corporate issuers primarily rated in the investment-grade universe, DCF to debt can be an important barometer of future cash flow adequacy as it more fully reflects a company's financial policy, including decisions regarding dividend payouts. In addition, share buybacks and potential M&A, both of which can represent very significant uses of cash, are important components in cash flow analysis.
250. The level of dividends depends on a company's financial strategy. Companies with aggressive dividend payout targets might be reluctant to reduce dividends even under some liquidity pressure. In addition, investment-grade companies are less likely to reduce dividend payments following some reversals--although dividends ultimately are discretionary. DCF is the truest reflection of excess cash flow, but it is also the most affected by management decisions and, therefore, does not necessarily reflect the potential cash flow available.

## **D. Diversification/Portfolio Effect**

### **1. Academic research**

251. Academic research recently concluded that, during the global financial crisis of 2007-2009, conglomerates had the advantage over single sector-focused firms because they had better access to the credit markets as a result of their debt co-insurance and used the internal capital markets more efficiently (i.e., their core businesses had stronger cash flows). Debt co-insurance is the view that the joining-together of two or more firms whose earnings streams are less-than-perfectly correlated reduces the risk of default of the merged firms (i.e., the co-insurance effect) and thereby increases the "debt capacity" or "borrowing ability" of the combined enterprise. These financing alternatives became more valuable during the crisis. (Source: "Does Diversification Create Value In The Presence Of External Financing Constraints? Evidence From The 2007-2009 Financial Crisis," Venkat Kuppaswamy and Belen Villalonga, Harvard Business School, Aug. 19, 2011.)
252. In addition, fully diversified, focused companies saw more narrow credit default swap spreads from 2004-2010 vs. less diversified firms. This highlighted that lenders were differentiating for risk and providing these companies with easier and cheaper access to capital. (Source: "The Power of Diversified Companies During Crises," The Boston Consulting Group and Leipzig Graduate School of Management, January 2012.)
253. Many rated conglomerates are either country- or region-specific; only a small percentage are truly global. The difference is important when assessing the country and macroeconomic risk factors. Historical measures for each region, based on volatility and correlation, reflect regional trends that are likely to change over time.

## E. Financial Policy

### 1. Controlling shareholders

254. Controlling shareholder(s)--if they exist--exert significant influence over a company's financial risk profile, given their ability to use their direct or indirect control of the company's financial policies for their own benefit. Although the criteria do not associate the presence of controlling shareholder(s) to any predefined negative or positive impact, we assess the potential medium- to long-term implications for a company's credit standing of these strategies. Long-term ownership--such as exists in many family-run businesses--is often accompanied by financial discipline and reluctance to incur aggressive leverage. Conversely, short-term ownership--such as exists in private equity sponsor-owned companies--generally entails financial policies aimed at achieving rapid returns for shareholders typically through aggressive debt leverage.
255. The criteria define controlling shareholder(s) as:
- A private shareholder (an individual or a family) with majority ownership or control of the board of directors;
  - A group of shareholders holding joint control over the company's board of directors through a shareholder agreement. The shareholder agreement may be comprehensive in scope or limited only to certain financial aspects; and
  - A private equity firm or a group of private equity firms holding at least 40% in a company or with majority control of its board of directors.
256. A company is not considered to have a controlling shareholder if it is publicly listed with more than 50% of voting interest listed or when there is no evidence of a particular shareholder or group of shareholders exerting 'de facto' control over a company.
257. Companies that have as their controlling shareholder governments or government-related entities, infrastructure and asset-management funds, and diversified holding companies and conglomerates are assessed in separate criteria.

### 2. Financial discipline

#### a) Leverage influence from acquisitions

258. Companies may employ more or less acquisitive growth strategies based on industry dynamics, regulatory changes, market opportunities, and other factors. We consider management teams with disciplined, transparent acquisition strategies that are consistent with their financial policy framework as providing a high degree of visibility into the projected evolution of cash flow and credit measures. Our assessment takes into account management's track record in terms of acquisition strategy and the related impact on the company's financial risk profile. Historical evidence of limited management tolerance for significant debt-funded acquisitions provides meaningful support for the view that projected credit ratios would not significantly weaken as a result of the company's acquisition policy. Conversely, management teams that pursue opportunistic acquisition strategies, without well-defined parameters, increase the risks that the company's financial risk profile may deteriorate well beyond our forecasts.
259. Acquisition funding policies and management's track record in this respect also provide meaningful insight in terms of credit ratio stability. In the criteria, we take into account management's willingness and capacity to mobilize all funding resources to restore credit quality, such as issuing equity or disposing of assets, to mitigate the impact of sizable

acquisitions on credit ratios. The financial policy framework and related historical evidence are key considerations in our assessment.

#### **b) Leverage influence from shareholder remuneration policies**

260. A company's approach to rewarding shareholders demonstrates how it balances the interests of its various stakeholders over time. Companies that are consistent and transparent in their shareholder remuneration policies, and exhibit a willingness to adjust shareholder returns to mitigate adverse operating conditions, provide greater support to their long-term credit quality than other companies. Conversely, companies that prioritize cash returns to shareholders in periods of deteriorating economic, operating, or share price performance can significantly undermine long-term credit quality and exacerbate the credit impact of adverse business conditions. In assessing a company's shareholder remuneration policies, the criteria focus on the predictability of shareholder remuneration plans, including how a company builds shareholder expectations, its track record in executing shareholder return policies over time, and how shareholder returns compare with industry peers'.
261. Shareholder remuneration policies that lack transparency or deviate meaningfully from those of industry peers introduce a higher degree of event risk and volatility and will be assessed as less predictable under the criteria. Dividend and capital return policies that function primarily as a means to distribute surplus capital to shareholders based on transparent and stable payout ratios--after satisfying all capital requirements and leverage objectives of the company, and that support stable to improving leverage ratios--are considered the most supportive of long term credit quality.

#### **c) Leverage influence from plans regarding investment decisions or organic growth strategies**

262. The process by which a company identifies, funds, and executes organic growth, such as expansion into new products and/or new markets, can have a significant impact on its long-term credit quality. Companies that have a disciplined, coherent, and manageable organic growth strategy, and have a track record of successful execution are better positioned to continue to attract third-party capital and maintain long-term credit quality. By contrast, companies that allocate significant amounts of capital to numerous, unrelated, large and/or complex projects and often incur material overspending against the original budget can significantly increase their credit risk.
263. The criteria assess whether management's organic growth strategies are transparent, comprehensive, and measurable. We seek to evaluate the company's mid- to long-term growth objectives--including strategic rationales and associated execution risks--as well as the criteria it uses to allocate capital. Effective capital allocation is likely to include guidelines for capital deployment, including minimum return hurdles, competitor activity analysis, and demand forecasting. The company's track record will provide key data for this assessment, including how well it executes large and/or complex projects against initial budgets, cost overruns, and timelines.

### **3. Financial policy framework**

#### **a) Comprehensiveness of financial policy framework**

264. Financial policies that are clearly defined, unambiguous, and provide a tight framework around management behavior are the most reliable in determining an issuer's future financial risk profile. We assess as consistent with a supportive assessment, policies that are clear, measurable, and well understood by all key stakeholders. Accordingly, the financial policy framework must include well-defined parameters regarding how the issuer will manage its cash flow protection

strategies and debt leverage profile. This includes at least one key or a combination of financial ratio constraints (such as maximum debt to EBITDA threshold) and the latter must be relevant with respect to the issuer's industry and/or capital structure characteristics.

265. By contrast, the absence of established financial policies, policies that are vague or not quantifiable, or historical evidence of significant and unexpected variation in management's long-term financial targets could contribute to an overall assessment of a non-supportive financial policy framework.

#### **b) Transparency of financial policies**

266. We assess as supportive financial policy objectives that are transparent and well understood by all key stakeholders and we view them as likely to influence an issuer's financial risk profile over time. Alternatively, financial policies, if they exist, that are not communicated to key stakeholders and/or where there is limited historical evidence to support the company's commitment to these policies, are non-supportive, in our view. We consider the variety of ways in which a company communicates its financial policy objectives, including public disclosures, investor presentation materials, and public commentary.
267. In some cases, however, a company may articulate its financial policy objectives to a limited number of key stakeholders, such as its main creditors or to credit rating agencies. In these situations, a company may still receive a supportive classification if we assess that there is a sufficient track record (more than three years) to demonstrate a commitment to its financial policy objectives.

#### **c) Achievability and sustainability of financial policies**

3. To assess the achievability and sustainability of a company's financial policies, we consider a variety of factors, including the entity's current and historical financial risk profile; the demands of its key stakeholders (including dividend and capital return expectations of equity holders); and the stability of the company's financial policies that we have observed over time. If there is evidence that the company is willing to alter its financial policy framework because of adverse business conditions or growth opportunities (including M&A), this could support an overall assessment of non-supportive.

#### **4. Financial policy adjustments--examples**

269. Example 1: A moderately leveraged company has just been sold to a new financial sponsor. The financial sponsor has not leveraged the company yet and there is no stated financial policy at the outset. We expect debt leverage to increase upon refinancing, but we are not able to factor it precisely in our forecasts yet.  
Likely outcome: FS-6 financial policy assessment, implying that we expect the new owner to implement an aggressive financial policy in the absence of any other evidence.
270. Example 2: A company has two owners—a family owns 75%, a strategic owner holds the remaining 25%. Although the company has provided Standard & Poor's with some guidance on long-term financial objectives, the overall financial policy framework is not sufficiently structured nor disclosed to a sufficient number of stakeholders to qualify for a supportive assessment. Recent history, however, does not provide any evidence of unexpected, aggressive financial transactions and we believe event risk is moderate.  
Likely outcome: Neutral financial policy impact, including an assessment of neutral for financial discipline. Although the company's financial framework does not support long-term visibility, historical evidence and stability of management suggest that event risk is not significant. The unsupportive financial framework assessment, however,

prevents the company from qualifying for an overall positive financial policy assessment, should the conditions for positive financial discipline be met.

271. Example 3: A company (not owned by financial sponsors) has stated leverage targets equivalent to a significant financial risk profile assessment. The company continues to make debt-financed acquisitions yet remains within its leverage targets, albeit at the weaker end of these. Our forecasts are essentially built on expectations that excess cash flow will be fully used to fund M&A or, possibly pay share repurchases, but that management will overall remain within its leverage targets.  
Likely outcome: Neutral financial policy impact. Although management is fairly aggressive, the company consistently stays within its financial policy targets. We think our forecasts provide a realistic view of the evolution of the company's credit metrics over the next two years. No event risk adjustment is needed.
272. Example 4: A company (not owned by a financial sponsor) has just made a sizable acquisition (consistent with its long-term business strategy) that has brought its credit ratios out of line. Management expressed its commitment to rapidly improve credit ratios back to its long-term ratio targets—representing an acceptable range for the SACP--through asset disposals or a rights issue. We see their disposal plan (or rights issue) as realistic but precise value and timing are uncertain. At the same time, management has a supportive financial policy framework, a positive track record of five years, and assets are viewed as fairly easily tradable.  
Likely outcome: Positive financial policy impact. Although forecast credit ratios will remain temporarily depressed, as we cannot fully factor in asset disposals (or rights issue) due to uncertainty on timing/value, or without leaking confidential information, the company's credit risk should benefit from management's positive track record and a supportive financial policy framework. The anchor will be better by one notch if management and governance is at least satisfactory and liquidity is at least adequate.
273. Example 5: A company (not owned by a financial sponsor) has very solid financial ratios, providing it with meaningful flexibility for M&A when compared with management's long-term stated financial policy. Also, its stock price performance is somewhat below that of its closest industry peers. Although we have no recent evidence of any aggressive financial policy steps, we fundamentally believe that, over the long-term term, the company will end up using its financial flexibility for the right M&A opportunity, or alternatively return cash to shareholders.  
Likely outcome: Negative financial policy impact. Long-term event risk derived from M&A cannot be built into forecasts nor shareholder returns (share buybacks or one-off dividends) be built into forecasts to attempt aligning projected ratios with stated long-term financial policy levels. This is because our forecasts are based on realistic and reasonably predictable assumptions for the medium term. The anchor will be adjusted down, by one notch or more, because of the negative financial policy assessment.

## F. Corporate Criteria Glossary

**Anchor:** The combination of an issuer's business risk profile assessment and its financial risk profile assessment determine the anchor. Additional rating factors can then modify the anchor to determine the final rating or SACP.

**Asset profile:** A descriptive way to look at the types and quality of assets that comprise a company (examples can include tangible versus intangible assets, those assets that require large and continuing maintenance, upkeep, or



reinvestment, etc.).

**Business risk profile:** This measure comprises the risk and return potential for a company in the market in which it participates, the country risks within those markets, the competitive climate, and the competitive advantages and disadvantages the company has. The criteria combine the assessments for Corporate Industry and Country Risk Assessment (CICRA), and competitive position to determine a company's business risk profile assessment.

**Capital-intensive company:** A company exhibiting large ongoing capital spending to sales, or a large amount of depreciation to sales. Examples of capital-intensive sectors include oil production and refining, telecommunications, and transportation sectors such as railways and airlines.

**Cash available for debt repayment:** Forecast cash available for debt repayment is defined as the net change in cash for the period before debt borrowings and debt repayments. This includes forecast discretionary cash flow adjusted for our expectations of: share buybacks, net of any share issuance, and M&A. Discretionary cash flow is defined as cash flow from operating activities less capital expenditures and total dividends.

**Competitive position:** Our assessment of a company's: 1) competitive advantage; 2) operating efficiency; 3) scale, scope, and diversity; and 4) profitability.

- **Competitive advantage**--The strategic positioning and attractiveness to customers of the company's products or services, and the fragility or sustainability of its business model.
- **Operating efficiency**--The quality and flexibility of the company's asset base and its cost management and structure.
- **Scale, scope, and diversity**--The concentration or diversification of business activities.
- **Profitability**--Our assessment of both the company's level of profitability and volatility of profitability.

**Competitive Position Group Profile (CPGP):** Used to determine the weights to be assigned to the three components of competitive position other than profitability. While industries are assigned to one of the six profiles, individual companies and industry subsectors can be classified into another CPGP because of unique characteristics. Similarly, national industry risk factors can affect the weighing. The six CPGPs are:

- Services and product focus,
- Product focus/scale driven,
- Capital or asset focus,
- Commodity focus/cost driven,
- Commodity focus/scale driven, and
- National industry and utilities.

**Conglomerate:** Companies that have at least three distinct business segments, each contributing between 10%-50% of EBITDA or FOCF. Such companies may benefit from the diversification/portfolio effect.

**Controlling shareholders:** Equity owners who are able to affect decisions of varying effect on operations, leverage, and shareholder reward without necessarily being a majority of shareholders.

**Corporate Industry and Country Risk Assessment (CICRA):** The result of the combination of an issuer's country risk assessment and industry risk assessment.

**Debt co-insurance:** The view that the joining-together of two or more firms whose earnings streams are less-than-perfectly correlated reduces the risk of default of the merged firms (i.e., the co-insurance effect) and thereby increases the "debt capacity" or "borrowing ability" of the combined enterprise. These financing alternatives became more valuable during the global financial crisis of 2007-2009.

**Financial headroom:** Measure of deviation tolerated in financial metrics without moving outside or above a pre-designated band or limit typically found in loan covenants (as in a debt to EBITDA multiple that places a constraint on leverage). Significant headroom would allow for larger deviations.

**Financial risk profile:** The outcome of decisions that management makes in the context of its business risk profile and its financial risk tolerances. This includes decisions about the manner in which management seeks funding for the company and how it constructs its balance sheet. It also reflects the relationship of the cash flows the organization can achieve, given its business risk profile, to its financial obligations. The criteria use cash flow/leverage analysis to determine a corporate issuer's financial risk profile assessment.

**Financial sponsor:** An entity that follows an aggressive financial strategy in using debt and debt-like instruments to maximize shareholder returns. Typically, these sponsors dispose of assets within a short to intermediate time frame. Financial sponsors include private equity firms, but not infrastructure and asset-management funds, which maintain longer investment horizons.

**Profitability ratio:** Commonly measured using return on capital and EBITDA margins but can be measured using sector-specific ratios. Generally calculated based on a five-year average, consisting of two years of historical data, and our projections for the current year and the next two financial years.

**Shareholder remuneration policies:** Management's stated shareholder reward plans (such as a buyback or dividend amount, or targeted payout ratios).

**Stand-alone credit profile (SACP):** Standard & Poor's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention or support from its parent, affiliate, or related government or from a third-party entity such as an insurer.

**Transfer and convertibility assessment:** Standard & Poor's view of the likelihood of a sovereign restricting nonsovereign access to foreign exchange needed to satisfy the nonsovereign's debt service obligations.

**Unconsolidated equity affiliates:** Companies in which an issuer has an investment, but which are not consolidated in an issuer's financial statements. Therefore, the earnings and cash flows of the investees are not included in our primary metrics unless dividends are received from the investees.

**Upstream/midstream/downstream:** Referring to exploration and production, transport and storage, and refining and distributing, respectively, of natural resources and commodities (such as metals, oil, gas, etc.).

**Volatility of profitability/SER:** We base the volatility of profitability on the standard error of the regression (SER) for a company's historical EBITDA. The SER is a statistical measure that is an estimate of the deviation around a 'best fit' trend line. We combine it with the profitability ratio to determine the final profitability assessment. We only calculate

SER when companies have at least seven years of historical annual data, to ensure that the results are meaningful.

**Working-capital-intensive companies:** Generally a company with large levels of working capital in relation to its sales in order to meet seasonal swings in working capital. Examples of working-capital-intensive sectors include retail, auto manufacturing, and capital goods.

These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as Standard & Poor's Ratings Services' assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment.

(Watch the related CreditMatters TV segment titled, "Standard & Poor's Launches Its New Corporate Ratings Criteria," dated Nov. 19, 2013.)

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription) and [www.spcapitaliq.com](http://www.spcapitaliq.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 27.**     Reference the Kentucky American Water application and state if the “2015” data shown in Exhibit 37K is actual data for 2015 or if it includes some estimated data. If the latter, update the exhibit to reflect actual data for 2015.

**Response:**

The “2015” data shown in Exhibit 37K is actual data for 2015.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell/Donald J. Petry**

- 28.**      Reference the Kentucky American Water application generally. Identify all rate base, expense, and/or revenue categories that have an allocation to sewer operations. For each such allocation, identify the amount and percentage allocated to sewer operations in the Base Period and the Test Period, as well as the basis for the allocation factor utilized.

**Response:**

Costs in rate base, expenses and revenues that were directly charged to sewer operations were excluded from the case. Labor, taxes and benefits were allocated by employee to water and sewer. The allocation was based on charges for the 12 months ending October 2013, 2014 and 2015. Please see the Work paper 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 Excel file for this work paper was provided to all parties on CD also in response to the same request referenced above.

Excel Location:

O&M\[Labor and Labor Related Exhibit.xlsx]Water %

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 29.**      Reference the Kentucky American Water application generally. Has the Company filed any information regarding the linkage period, i.e., the period between the end of the Base Period ending April 30, 2016 and the beginning of the Test Period beginning September 1, 2016? If so, identify where in the filing such information can be found.

**Response:**

Please see the Company's response to Item 3 of the Commission Staff's First Request for Information, Workpaper 1 – Rate Base, Workpaper 2 – Revenues, Workpaper 4 – Depreciation and Amortization and Workpaper 7 – Capitalization.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 30.**      Reference the Kentucky American Water application. Provide the 2016 Annual Business Plan and 2017 Strategic Business Plan used to develop the Base Period and Test Period in this case. If this information has been provided previously, provide the applicable cite.

**Response:**

The 2016 Annual Business Plan and the 2017 Strategic Business Plan are a consolidation of the forecasted Operating Income Statement, Balance Sheet, Cash Flow Statement and Strategic Capital Expenditure Plans. The 2016 and 2017 Capital Plans are provided in Exhibit 11 of the Application. 2016 and 2017 Operating Income Statements are provided in Exhibit 17 of the Application. The 2016 and 2017 Balance Sheets are provided in Exhibit 18. The 2016 and 2017 Cash Flow Statements are provided in Exhibit 19 of the Application. The 2016 and 2017 Water Sales are provided in Exhibit 25 of the Application.



**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Linda C. Bridwell**

- 31.** Reference the Kentucky American Water application and update Exhibit 37C, page 2 to reflect actual costs, by category, for each year from 2011-2015.

**Response:**

Please see attached.

**Kentucky American Water Company**  
**Case No. 2015-00418**  
**Jurisdictional Operating Income Summary for the Years 2011-2015**

Line No.	Major Acct. Group	Description	2011	2012	2013	2014	2015
1		<b><u>Operating Revenues</u></b>					
2	400	Water Revenues	\$79,806,593	\$83,011,016	\$81,509,294	\$86,369,150	\$88,532,168
3	400	Other Revenues	3,208,887	2,678,580	1,833,036	2,057,413	2,271,754
4	420	AFUDC	0	0	0	0	0
5	<b>Total</b>	<b>Total Revenues (Sum Lines 2-3)</b>	<b>\$83,015,480</b>	<b>\$85,689,596</b>	<b>\$83,342,330</b>	<b>\$88,426,563</b>	<b>\$90,803,923</b>
6							
7	<b>401</b>	<b><u>Operating Expenses</u></b>					
8		<b>O&amp;M:</b>					
9		Purchased Water	\$239,796	\$339,748	\$217,301	\$142,812	\$223,057
10		Fuel & Power	3,716,910	3,891,484	3,647,971	3,752,546	3,936,453
11		Chemicals	1,900,698	1,806,850	1,736,335	1,635,189	1,590,100
12		Waste Disposal	301,751	340,068	382,880	278,242	240,586
13		Salaries and Wages	7,718,953	7,231,416	6,509,113	6,813,292	7,142,104
14		Pension	923,432	1,021,182	810,479	241,039	586,309
15		Group Insurance	2,094,581	2,002,574	1,698,750	1,402,590	1,628,409
16		Other Benefits	410,207	376,837	321,713	363,669	416,408
17		Support Services	7,751,264	9,114,911	9,163,738	8,775,862	8,326,485
18		Contract Services	1,073,120	878,391	800,109	723,112	1,071,877
19		Building Maintenance & Services	599,081	536,593	453,543	633,985	601,979
20		Telecommunications	245,597	297,145	276,207	264,191	228,370
21		Postage, Printing, & Stationary	29,630	25,531	23,598	19,451	30,484
22		Office Supplies & Services	156,496	173,508	187,291	162,348	242,612
23		Advertising & Marketing	8,389	16,393	6,434	4,798	14,270
24		Employee Related Expense	272,362	224,253	88,816	137,146	338,694
25		Miscellaneous Expense	906,107	1,202,433	1,188,480	896,046	1,418,945
26		Rents	32,033	52,423	36,360	32,130	18,110
27		Transportation	477,597	511,569	570,051	495,430	442,206
28		Uncollectible Accounts	614,166	596,705	1,092,261	1,042,040	905,631
29		Other Customer Accounting	1,134,335	1,048,536	1,048,063	1,051,052	1,100,045
30		Regulatory Expense	214,599	213,119	260,448	249,916	289,304
31		Insurance Other Than Group	609,869	595,965	675,836	736,231	934,769
32		Maintenance Supplies & Services	1,607,980	1,569,254	1,581,503	1,959,670	1,980,784
33	<b>Total</b>	<b>Total O&amp;M Expenses (Sum of Lines 9-32):</b>	<b>\$33,038,953</b>	<b>\$34,066,890</b>	<b>\$32,777,280</b>	<b>\$31,812,785</b>	<b>\$33,707,989</b>
34							
35		<b><u>Other Expenses</u></b>					
36	<b>403</b>	Depreciation - Net of CIAC Amort	\$10,889,627	\$11,586,288	\$13,088,692	\$13,591,697	\$13,354,360
37	<b>406</b>	Amortization of UPAAs	12,804	8,561	8,561	8,561	8,561
38	<b>407</b>	Amortization Expense	195,603	198,262	214,529	225,673	229,784
39		<b><u>State Income Tax</u></b>					
40	<b>409</b>	Current State Income Tax	400,770	1,826,947	581,290	867,876	1,114,821
41	<b>410</b>	Deferred State Income Tax	1,049,967	(422,568)	495,456	644,940	767,184
42		<b><u>Federal Tax</u></b>					
43	<b>409</b>	Current Federal Income Tax	21,003,266	9,812,980	197,027	3,776,789	8,573,873
44	<b>410</b>	Deferred Federal Income Tax	(12,799,106)	(1,438,619)	7,239,945	4,903,237	294,477
45	<b>412</b>	Investment Tax Credits	(84,797)	(84,797)	(84,797)	(84,797)	(84,797)
46	<b>408</b>	General taxes	5,102,210	4,913,919	5,052,856	5,753,035	6,562,434
48		<b>Total Other Expense (Sum of Lines 36 -41)</b>	<b>\$25,770,344</b>	<b>\$26,400,973</b>	<b>\$26,793,558</b>	<b>\$29,687,010</b>	<b>\$30,820,698</b>
49							
50		<b>Total Expenses (Line 33 + Lines 42):</b>	<b>\$58,809,297</b>	<b>\$60,467,863</b>	<b>\$59,570,839</b>	<b>\$61,499,795</b>	<b>\$64,528,687</b>
51							
52		<b>Utility Operating Income (Line 5 - Line 44):</b>	<b>\$24,206,183</b>	<b>\$25,221,733</b>	<b>\$23,771,491</b>	<b>\$26,926,768</b>	<b>\$26,275,236</b>

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Linda C. Bridwell**

- 32.** Reference the Kentucky American Water application generally. For each American Water jurisdiction, state if
- a. if there is an infrastructure replacement program currently in place that provides for recovery between base rate cases,
  - b. if any such recovery is based on projected plant additions (with a subsequent true-up) or is limited to actual plant additions over some period, and
  - c. if the jurisdiction uses a future Test Period based on the first twelve months during which rates will be effective or some other Test Period.

**Response:**

a.

State	Infrastructure Replacement Program	Projected or Actual
California	No	
Hawaii	No	
Illinois	Yes	Projected or Actual
Indiana	Yes	Actual
Iowa	No	
Kentucky	No	
Maryland	No	
Michigan	No	
Missouri	Yes	Actual
New Jersey	Yes	Actual
New York	Yes	Actual
Pennsylvania	Yes	Actual
Tennessee	Yes	Projected
Virginia	No	
West Virginia	Yes	TBD

- b. See the response to part a.
- c. Illinois - the forecasted period is the first twelve months the rates are effective.  
Tennessee – the forecasted period is the first twelve months the rates are effective.  
New York – the forecasted period is for the first twelve months the rates are effective.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 33.**    Reference the Kentucky American Water application and provide a copy of the December 2014 Report by AUS Consultants referenced on page 8 of Ms. Bridwell's testimony at lines 21-22.

**Response:**

Please see attached. The attachment contains confidential information and is subject to a petition for confidential treatment.

**ATTACHMENT TO KAW\_R\_AGDR1\_NUM033\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 34.**      Reference the Kentucky American Water application. Has AUS updated the report referenced on page 8, lines 21-22 of Ms. Bridwell's testimony? If so, provide any and all updates to this report.

**Response:**

AUS Utility reports are produced monthly; however, Kentucky American Water does not have a subscription. Kentucky American Water only has a limited number of AUS Utility reports which have been provided as a courtesy. The updated reports to which we have access are April 2015 and January 2016, which are attached. The attachment contains confidential information and is subject to a petition for confidential treatment.

**ATTACHMENT TO KAW\_R\_AGDR1\_NUM034\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 35.** Reference the Kentucky American Water application generally. Is the Company proposing to charge interest on over/under recoveries if its proposed Qualified Infrastructure Program surcharge is approved? If so, what interest rate does the Company propose to utilize?

**Response:**

Yes, Kentucky American Water is proposing to charge interest on over/under recoveries of its proposed Qualified Infrastructure Program surcharge. Kentucky American Water has not proposed a specific interest rate as part of the proceeding. There are many ways of equitably calculating a short-term interest rate in tenor with the QIP including commercial paper rates or LIBOR rates and applying it to the balance.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 36.**     Reference the Kentucky American Water application. Regarding Exhibit 37I, page 5, does the “2015” data shown on this exhibit include actual 2015 data for a full year, or does it contain some estimates? If the latter, update this exhibit to reflect a full year of actual 2015 data.

**Response:**

The “2015” data shown on Exhibit 37I, page 5, includes actual 2015 data for a full year.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 37.**     Reference the Kentucky American Water application regarding Exhibit 37I, page 5, and provide the same information for each year from 2006-2010.

**Response:**

Please see attached.

**KENTUCKY AMERICAN WATER COMPANY**  
**Case No. 2015-00418**  
**REVENUE STATISTICS - TOTAL COMPANY**

Type of Filing:  Original  Updated  Revised

Line No.	Description	2006	2007	2008	2009	2010
1						
2	<u>Sales by Customer Class:</u>					
3	Residential	6,440,529	6,667,854	6,469,580	5,966,504	6,225,215
4	Commercial	4,225,322	4,311,743	4,162,069	3,803,335	4,084,497
5	Industrial	748,978	767,990	620,520	513,053	567,426
6	Other Public Authorities	1,419,745	1,571,213	1,654,168	1,422,389	1,608,401
7	Other Water Utilities	388,879	613,091	524,301	467,028	486,031
8	Miscellaneous	1,342	3,806	19,102	20,871	19,366
9						
10	Total	<u>13,224,795</u>	<u>13,935,697</u>	<u>13,449,740</u>	<u>12,193,179</u>	<u>12,990,936</u>
11						
12						
13	<u>Number of Customers:</u>					
14	<u>12-Month Average:</u>					
15	Residential	103,858	105,572	106,687	107,343	108,169
16	Commercial	8,487	8,623	8,715	8,771	8,767
17	Industrial	23	21	21	22	23
18	Other Public Authorities	485	487	500	511	529
19	Other Water Utilities	10	13	11	12	12
20	Miscellaneous	30	33	0	0	0
21						
22	Total	<u>112,893</u>	<u>114,748</u>	<u>115,934</u>	<u>116,659</u>	<u>117,499</u>
23						
24						
25	<u>End of Period:</u>					
26	Residential	104,780	106,068	106,913	107,500	108,389
27	Commercial	8,586	8,585	8,741	8,760	8,766
28	Industrial	23	21	22	22	22
29	Other Public Authorities	486	488	504	519	524
30	Other Water Utilities	11	13	12	12	12
31	Miscellaneous	35	31	0	0	0
32						
33	Total	<u>113,921</u>	<u>115,206</u>	<u>116,192</u>	<u>116,813</u>	<u>117,713</u>
34						
35						
36						
37	<u>Average Sales per Customer:</u>					
38	Residential	62	63	61	56	58
39	Commercial	498	500	478	434	466
40	Industrial	32,802	36,571	29,201	23,499	24,851
41	Other Public Authorities	2,926	3,227	3,311	2,783	3,042
42	Other Water Utilities	37,332	49,047	46,605	38,919	40,503
43	Miscellaneous	46	117	229,230	N/A	232,395
44						
45						
46						
47	Note: Sales are stated in 1000 Gallons					
48						
49						
50						

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Dr. Edward Spitznagel**

- 38.**     Reference the Kentucky American Water application generally. Is it correct that Dr. Spitznagel's model used a 30-year period to determine the relationships between water usage and various variables? If so, state why a 30-year period was selected.

**Response:**

No, that is not correct. Dr. Spitznagel's model used a 10-year period (120 months), beginning in May of 2005 and ending in April of 2015 to determine the relationships between water usage and various variables. This model is made up of twelve individual models, one model for each month, in order to allow for different effects of drought and temperature across the seasons. The estimated model coefficients are in Rows 6 through 17, Columns B through E of the spreadsheet in Appendix D.

A 30-year period was used to compute average drought and temperature values, to be inserted into the models to estimate water usage in gallons per customer day. This is consistent with the standard period used by National Oceanic and Atmospheric Administration (NOAA) for reporting U.S. Climate Normals. Dr. Spitznagel computed averages of drought (PMDI) and temperature (CDD) for the thirty years beginning in May of 1985 and ending in April of 2015. These averages are in Rows 6 through 17, Columns F and G of the spreadsheet in Appendix D.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 39.**    Reference the Kentucky American Water application generally. Identify all other American Water jurisdictions that use a 30-year period to determine the relationship between water usage and various variables for purposes of establishing utility rates.

**Response:**

Neither Kentucky American nor any other American Water jurisdiction uses a 30-year period to determine the relationship between water usage and various independent variables for purposes of establishing utility rates. As discussed in Dr. Spitznagel's testimony and in the responses to AG 1-38 and AG 1-40, ten years of water usage data is utilized in Dr. Spitznagel's model. 30 years of weather data is used to establish "normal" weather variables.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Dr. Edward Spitznagel**

- 40.**     Reference the Kentucky American Water application. Provide the forecasted water sales (in volumes) that would result if Dr. Spitznagel had used the following periods to determine the relationship between water usage and various variables, and provide all calculations and supporting workpapers with your response:
- a.     5 years,
  - b.     10 years,
  - c.     15 years,
  - d.     20 years, and
  - e.     25 years.

**Response:**

As explained above, Dr. Spitznagel did use ten years of data to determine the relationships between water usage and various (weather and time) variables. A 10-year period yields the most reliable results. The request that this be done for other periods of water usage (5, 15, 20 and 25 years) would require significant new original work by Dr. Spitznagel at a significant cost and is beyond the scope of his engagement. His calculations for ten years of data are displayed in Appendices B, C, and D to his Direct Testimony should the Attorney General desire to utilize those calculations in forming any opinions or preparing any models the Attorney General may have on water usage.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**41.**     Reference the Kentucky American Water application generally. What percentage of the Company's water sales are weather sensitive?

**Response:**

Although Kentucky American realizes swings in water demand in extreme weather conditions, Kentucky American has not attempted to approximate the percentage of water sales that are weather sensitive.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 42.**      Reference the Kentucky American Water application generally. For each category of miscellaneous revenue, provide the actual revenue received in each of the past five years, as well as the miscellaneous revenues projected for the Base Period and the Test Period.

**Response:**

Please see the attached.



**Kentucky American Water Company****Case No. 2015-00418****AG DR 1-42****Miscellaneous Revenues Since 2011 (\$)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Base Year</b>	<b>Test Year</b>
Other revenue - late payment charge	-	48,878	668,876	750,140	943,713	952,621	852,640
Other Revenue - Rent	94,129	95,456	96,776	57,118	80,911	75,358	69,684
Other Revenue - Rent Interco	268,260	323,412	120,082	120,082	61,218	50,904	65,400
Other Revenue - NSF Check Charge	32,700	26,556	28,152	29,508	27,720	30,740	32,142
Other Revenue - Collection for Others	1,608,612	1,115,265	4,970	-	308		
Other Revenue - Application/Initiation Fee	615,062	637,079	738,583	777,616	751,666	754,380	743,543
Other Revenue - Usage Data	-	15,938	52,634	49,296	50,598	51,945	52,634
Other Revenue - Reconnection Fee	590,124	403,364	125,496	272,308	346,853	331,964	299,605
Other Revenue - Frozen Meter	-	-	-	96	-		
Other Revenue - Misc Service	-	12,184	1,976	2,903	12,860	37,776	59,000
<b>Total</b>	<b>3,208,887</b>	<b>2,678,132</b>	<b>1,837,544</b>	<b>2,059,067</b>	<b>2,275,846</b>	<b>2,285,688</b>	<b>2,174,648</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

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

- 43.**      Reference the Kentucky American Water application generally. Does the Company have any contracts related to antenna leases? If so, for each such contract, provide:
- a.      the actual revenues received by contract, in each of the past five years,
  - b.      the Base Period and Test Period claims included in the filing, and
  - c.      a description of any contractual increases in 2016 or 2017.

**Response:**

Yes it does.

- a.      Please refer to the attachment.
- b.      the Base Period and Test Period amount included in the filing reflected in Exhibit 37, Schedule M-1 included in the initial application are:
  - Base Period: \$ 75,358
  - Test Period: \$69,684These amounts assume only T-Mobile and Cingular leases in the test period.
- c.      There were no contractual increases included in 2016 or 2017 forecasts.

Kentucky American Water Company  
Case No. 2015-00418  
AG DR 1-43  
Revenues from Antenna Leases - Since 2011

	2011	2012	2013	2014	2015
Rent - Antenna Leases Only	92,989	94,316	94,801	83,218	82,259

Revenues Received by Contract

T-Mobile	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	31,987
2012	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	31,987
2013	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	3,023	2,844	2,844	2,844	32,882
2014	2,844	2,844	2,844	2,844	2,844	2,844	2,844	2,844	2,844	2,844	3,629	2,844	34,919
2015	3,144	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	36,084

Cingular Wireless	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011	2,547	2,547	2,547	2,547	3,754	3,599	2,849	2,849	2,849	2,849	2,849	2,849	34,633
2012	2,849	2,849	2,849	2,849	3,599	2,849	2,849	2,849	2,849	2,849	2,849	2,849	34,935
2013	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	34,185
2014	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	4,349	3,599	36,435
2015	3,599	3,599	3,599	3,599	3,599	3,599	3,599	3,599	3,599	3,599	3,599	3,599	43,185

Sprint/Nextel	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011	2,000	2,000	4,369	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	26,369
2012	2,000	2,000	2,500	2,000	2,794	2,300	2,300	2,300	2,300	2,300	2,300	2,300	27,394
2013	2,434	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	27,734
2014	2,300	2,300	2,300			(134)							6,766
2015													-

AT&T	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011													-
2012													-
2013													-
2014									5,099				5,099
2015										142		2,849	2,991

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 44.**      Reference the Kentucky American Water application generally. Provide, for each of the past five years, the total amount paid to Towers Watson by American Water and its subsidiaries and affiliates. For each year, provide the total amount incurred as well as the amount, if any, allocated to Kentucky operations.

**Response:**

Please see attached.

**Kentucky American Water Company**

**Response to AG 1-44**

<u>Co</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Payments to Willis Towers Watson	\$585,614	\$1,223,400	\$1,160,567	\$881,738	\$966,613
Allocated to KY from AWWSC	\$17,342	\$37,782	\$27,185	\$22,022	\$20,835

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 45.**      Reference the Kentucky American Water application generally. Provide, for each of the past five years, the total amount paid to Towers Watson directly by Kentucky American (not allocated from other entities) for work done on Kentucky American's behalf.

**Response:**

Please refer to the response to Item 44 of this same request.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Robert V. Mustich**

- 46.**      Reference the Kentucky American Water application generally. Did Towers Watson include in its study any analysis regarding the extent to which incentive compensation costs paid by the companies in its study are included in regulated utility rates and recovered from ratepayers? If so, provide the results of that analysis.

**Response:**

No, Willis Towers Watson did not.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Christine Karlsson**

- 47.**      Reference the Kentucky American Water application generally. Identify all criteria used to award Long Term Performance Plan ("LTPP") incentive payments a) in each of the past three years, b) for the Base Period, and c) for the Test Period.

**Response:**

Eligibility is based on salary level and the date of hire. Employees in salary level 50 and above on or before the date of grant, which is typically mid-February each year, may be eligible to receive an Equity Award.

Total grant amount is determined by multiplying annual base salary by the LTPP percentage tied to the participant's salary level.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

- 48.** Reference the Kentucky American Water application generally. Identify all criteria used to award Annual Performance Plan (“APP”) incentive payments:
- a. in each of the past three years,
  - b. projected for the Base Period, and
  - c. projected for the Test Period.

**Response:**

- a. As of this filing, no awards have been issued from the American Water APP plan. The first APP award will be issued in early 2017 for the CY2016 performance period.

Regarding the criteria for AIP awards; an employee’s award amount is dependent largely upon the performance of the individual and the performance of the company. Other significant award factors are related to the employee’s classification within the company.

Employees eligible for AIP awards in 2015, 2014 and 2013 are classified in American Water’s job leveling criteria as salaried employees level L12 and above. Level L12’s are considered to be early career or early education individual contributors.

Awards are granted in the early part of the calendar year following the performance review period. During the calendar years in question a 5 point performance rating scale was used. 1 would denote the lowest rating possible and 5 being the highest rating possible.

After an employee’s performance was assessed by the employee’s manager, the manager calibrates the performance of each individual within their organization and grants anywhere between 0 – 200% of the employee’s target award amount. Again, the 0 – 200% is based largely upon the performance rating issued by the manager.

In CYs 2016, 2015 and 2014 the AIP was the short term incentive plan that was in place. AIP guidelines are set at a corporate level. In some instances, employees may be eligible for local incentive and/or bonus/recognition programs.

Please find 2014 and 2013 AIP brochures attached. The 2015 AIP brochure was attached to the response to Item 18 of the Commission Staff's First Request for Information.

- b. Please refer to the response in part a. above and to Item 24 of the Commission Staff's second request for information.
- c. Please refer to the response to Item 24 of the Commission Staff's second request for information.



AMERICAN WATER

# 2013 Annual Incentive Plan



# Table of Contents

<b>THE 2013 AMERICAN WATER ANNUAL INCENTIVE PLAN.....</b>	<b>1</b>
Your Performance — Your Award .....	1
Eligibility .....	2
<b>DETERMINING AIP AWARDS .....</b>	<b>4</b>
Step 1: Establish initial award pool based on overall corporate performance .....	5
Step 2: Allocate overall corporate funding to organizational groups/ functional areas, and adjust specific organizational group/functional area funding to reflect results .....	7
Step 3: Determine individual AIP award based on (a) <i>individual performance</i> , and (b) available organizational group/functional area funding; awards are paid from available organizational group/functional area award pool .....	7
<b>WHAT THE 2013 AIP MEANS FOR YOU.....</b>	<b>8</b>
Performance Ratings .....	8
Award Funding Determination .....	10
Receiving Your AIP Award .....	11
<b>FREQUENTLY ASKED QUESTIONS.....</b>	<b>12</b>

## THE 2013 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 2013 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. This means that company and ***individual performance*** are both taken into account to determine cash awards under the plan. We continue to make adjustments to the AIP design to reinforce the link between company and individual performance and award payouts.
- We are continuing the funding approach that was used in 2012, 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, Business Transformation and operational 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 underperform 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 2013 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 2013 plan works and what it means for you.

## The 2013 AIP

### Elements of the Program

- AIP award pool funding is based on overall corporate performance against specific financial, Business Transformation and operational performance (represented by the Corporate Multiplier), then allocated across organizational groups/functional areas. Allocation is subject to senior management's discretion and recognizes organizational group/functional area results.
  - AIP funding for **all eligible exempt employees** depends on the company achieving its financial, nonfinancial goals which are Business Transformation and operational performance.
  - 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 2013, the Individual Performance Factor range is **0%-200%**. Individual payouts will be capped at 200% of AIP target award.
- Award opportunity (Target Award) is expressed as a percentage of base salary. (See Attachment B).
  - 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.
  - You must be actively employed with American Water on the date awards are paid to receive your 2013 AIP payout. You (or your beneficiary) may be eligible for a prorata award if you are disabled, retire, die, involuntarily terminate (not "for cause") or a divestiture occurred after June 30, 2013. Involuntary termination for cause would not be eligible.

### 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, 2013 are also eligible to participate in the AIP on a prorated basis.
  - Employees transferred from nonexempt to exempt status on or after September 30, 2013 are not eligible in the current plan year.

- If you are promoted or transferred 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 salary and target level as of December 14, 2013, except ML4s and above who will be prorated at each salary and target level. All AIP target awards will be paid based on salaries as of December 14, 2013.
- You must be an active employee with American Water on the date the payout is made in order to receive the award. You (or your beneficiary) may be eligible for a prorata award if you are disabled, retire, die, involuntarily terminate (not “for cause”) or a divestiture occurred after June 30, 2013. (Retirement under this plan is age 55 and 10 total years of employment service.)
- You are **not** eligible for an AIP award if:
  - you transfer from exempt status to nonexempt status during the current plan year or your job was reclassified to nonexempt status,
  - your performance rating is “Unacceptable” or “Too Soon to Rate,”
  - you have not complied with the company’s annual Code of Ethics certification by the established deadline,
  - your employment was involuntarily terminated for cause.

### **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 2013 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:

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

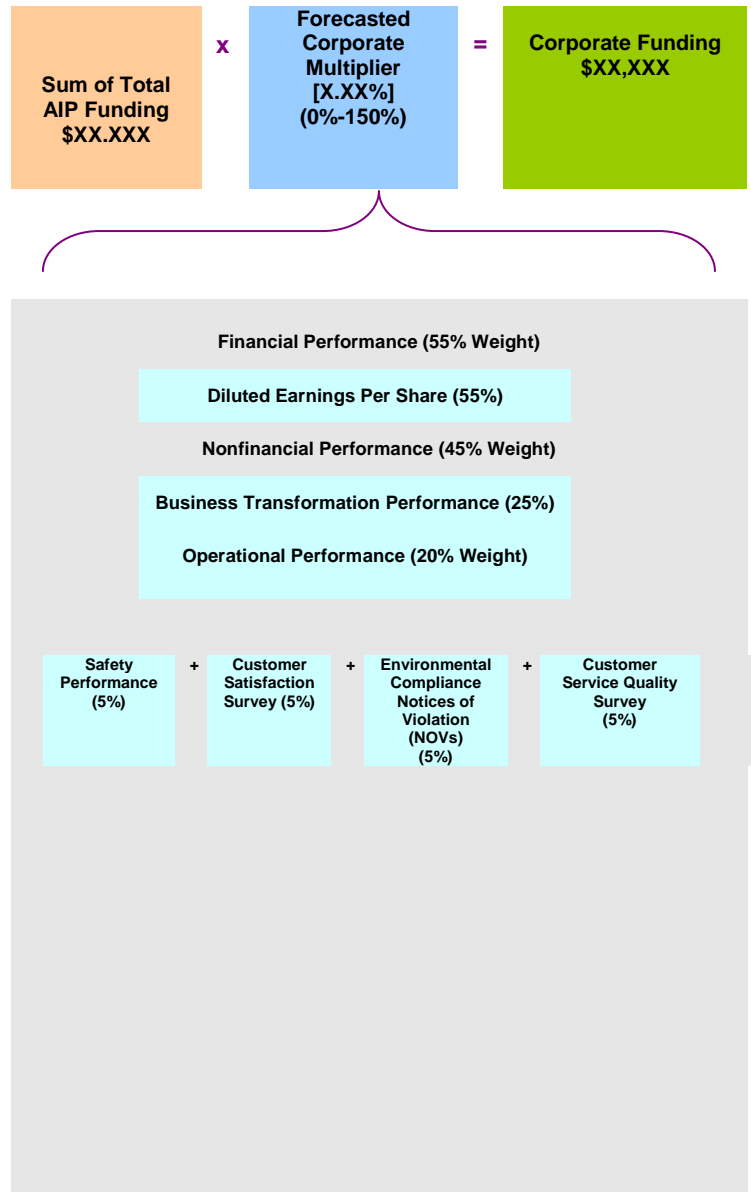


### Step 1: Establish initial award pool based on overall corporate performance

Each year, American Water establishes funding for the AIP award pool. In 2013, 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, Business Transformation and operational goals described below. Note that there is a pre-determined **threshold** for company performance:

- **2013 Diluted Earnings Per Share (EPS) must be at least 94% of target** for any financial funding and award to be provided under the AIP.
- **2013 Diluted Earnings Per Share (EPS) must be at least 90% of target** for funding of any award to be provided under the AIP for Business Transformation and Operational Performance Factors.

Based on financial (weighted 55%), nonfinancial (weighted 45%) Business Transformation (weighted 25%) and operational (weighted 20%) goals



■ **Financial Metric (Weighted 55%) \***

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

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

\* 2013 Diluted Earnings Per Share (EPS) must be at least 94% of target for any financial funding and award to be provided under the AIP.

■ **Nonfinancial Metric (Weighted 45%)**

■ **Business Transformation (Weighted 25%)**

- Enterprise Asset Management/Customer Information System successful go live (Judgment of Management with Discretion of the Board of Directors.)

■ **Operational Performance (Weighted 20%)\***

- Environmental Compliance Notices of Violation (NOVs) (5%)
- Safety Performance (5%)
- Customer Satisfaction Survey (5%)
- Customer Service Quality Survey (5%)

*\*These outcomes are based on a combination of surveys, end-of-year results, data and other annual reports (For more details on these performance measures, 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, nonfinancial goals which are Business Transformation and operational performance. A predetermined financial threshold for company performance must be met in order for funding and any

award to be provided under the AIP. For 2013, the threshold is 90% of EPS target in order to fund any award to be provided under the AIP for Business Transformation and operational performance factors.

The financial, Business Transformation and operational 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 any award payout. The Corporate Multiplier (and thus funding for payouts) may be adjusted to take into account nonrecurring items such as impairment charges, dissolutions or acquisitions of businesses or costs associated with one-time events.

**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 200%, 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 2013 AIP award payout. Individual payouts will be capped at 200% 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 2013 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:

2013 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.
Highly Effective	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.
Needs Improvement	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 — or you could earn a lower payout or no payout at all. In other words, ***the AIP design gives you more power to impact the size of your award. It also means that you are accountable for meeting your performance goals.***

## Award Funding Determination

Below are four scenarios that demonstrate how AIP funding may be calculated:

AIP Funding Assumptions				
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	0.25	0.00
— Business Transformation Performance Factor	1.10	0.85	0.50	0.00
— Operational Performance Factor	0.90	1.16	0.50	0.00

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<b>STEP 1: Establish corporate funding based on overall corporate performance</b>				
<b>Total of AIP Targets (A)</b>	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Financial Performance Factor (i) (55% weight)	$1.39 \times 0.55 =$ <b>0.76</b>	$0.94 \times 0.55 =$ <b>0.52</b>	$0.25 \times 0.55 =$ <b>0.14</b>	$0.00 \times 0.55 =$ <b>0.00</b>
Business Transformation Performance Factor (ii) (25% Weight)	$1.10 \times 0.25 =$ <b>0.27</b>	$0.85 \times 0.25 =$ <b>0.21</b>	$0.50 \times 0.25 =$ <b>0.12</b>	$0.00 \times 0.25 =$ <b>0.00</b>
Operational Performance Factor (iii) (20% weight)	$0.90 \times 0.20 =$ <b>0.18</b>	$1.16 \times 0.20 =$ <b>0.23</b>	$0.50 \times 0.20 =$ <b>0.10</b>	$0.00 \times 0.20 =$ <b>0.00</b>
<b>i + ii + iii = Corporate Multiplier (B)</b>	<b>1.21</b>	<b>.96</b>	<b>0.36</b>	<b>0.00</b>
<b>A × B = Corporate Funding</b>	$\$20,000,000 \times 1.21 =$ <b>\$24,200,000</b>	$\$20,000,000 \times .96 =$ <b>\$19,200,000</b>	$\$20,000,000 \times 0.36 =$ <b>\$7,200,000</b>	$\$20,000,000 \times 0.00 =$ <b>\$0</b>

**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)	\$2,420,000	\$1,920,000	\$720,000	\$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)	$\$2,420,000 \times 1.00 =$ \$2,420,000	$\$1,920,000 \times 0.80 =$ \$1,536,000	$\$720,000 \times 1.20 =$ \$864,000	$\$0 \times 1.00 =$ \$0

*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.*

***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 no later than March 15, 2014. If you are eligible for an award payout, please keep in mind that:

- You must be actively employed with the company on the date of payout.
- The payout will be based on your annual base salary as of December 14, 2013 and subject to all federal, state and local income tax withholdings.
- The American Water Board of Directors or its Designee has the right to adjust the award determination(s) and/or award payouts(s) at its discretion.

*Remember, **it's your performance** — and your award: The contributions you make to American Water's success throughout the year ultimately impact the amount 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><b>How does the plan reward performance?</b></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 2013 AIP directly ties award payouts to measurable contributions (company, organizational group/functional area and individual) to American Water's success.</p>
<p><b>Who is eligible for the AIP?</b></p>	<p>All regular, full-time exempt employees are eligible to participate. If you join American Water on or before September 30, 2013, you are also eligible to participate in the plan on a prorated basis.</p>
<p><b>What do I have to do to receive an AIP award?</b></p>	<p>Any payout will depend largely on your performance, as well as on company, organizational group/functional area performance (including financial, nonfinancial- Business Transformation and operational), which determines funding. If your performance is rated "Needs Improvement" 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, and then work hard throughout the year to achieve those goals.</p>
<p><b>How is my AIP target award opportunity determined? How can I find out what it is?</b></p>	<p>Your AIP target award opportunity is based on your job and is expressed as a percentage of your base salary. Please see your manager to learn more about your target award opportunity for 2013.</p>
<p><b>How will my AIP award payout be calculated?</b></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 nonfinancial - operational and Business Transformation goals as well as financial goals. Once individual awards are calculated, they are paid from the organizational group/functional area funding.</p>
<p><b>What is the minimum and maximum that could be paid under the plan (as a percent of target)?</b></p>	<p>AIP award payouts can range from zero, to a maximum of an Individual Performance Factor of 200%. Payouts are capped at 200% of AIP target award.</p>



Question	Answer
<b>Will I receive an award payout if I meet my individual performance goals but the company <i>does not</i> achieve minimum (threshold) performance?</b>	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.
<b>What happens if I leave American Water before I receive my award payout?</b>	To receive the award payout, you must be actively employed with American Water on the date the payment is to be made. You (or your beneficiary) may be eligible for a prorata award if you are disabled, retire, die, involuntarily terminate (not “for cause”) or a divestiture occurred after June 30, 2013. (Retirement under this plan is age 55 and 10 total years of employment service.) Employees involuntarily terminated for cause would not be eligible.
<b>What happens if I change job positions or I receive a merit increase within American Water during the plan year?</b>	Your award payout will be based on your base salary and target level percentage as of December 14, 2013.

This brochure is the 2013 American Water Annual Incentive Plan. The American Water Board of Directors 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.

## 2013 AIP FINANCIAL PAYOUT CURVE

### DILUTED EARNINGS PER SHARE (EPS) (55%)

<u>% Target Achieved</u>	<u>% Payout</u>
103.0%	150.0%
102.4%	140.0%
101.8%	130.0%
101.2%	120.0%
100.6%	110.0%
100%	100.0%
98.8%	85%
97.6%	70%
96.4%	55%
95.2%	40%
94.0%	25%
<94.0%	0%

## NONFINANCIAL PERFORMANCE (45%)

### BUSINESS TRANSFORMATION PERFORMANCE 2013 AIP MEASURE

Enterprise Asset Management/Customer Information System successful go live (judgment of management with discretion of the Board of Directors.)

## 2013 AIP OPERATIONAL MEASURES

### Environmental Compliance (5%)

For determining environmental compliance, American Water will count Notices of Violation (NOV) for which the company is responsible as described in the Environmental Non-Compliance Reporting Practice. For 2013 American Water's NOV target is 15%.

NOVs	Award
9	150.0%
11	137.5%
13	125.0%
14	112.5%
<b>15</b>	<b>100.0%</b>
16	87.5%
17	75.0%
18	62.5%
19	50.0%
>19	0%

### Safety Performance (5%)

Safety performance will be determined using the total OSHA Recordable Incident Rate (ORIR) which measures all injuries and illnesses requiring treatment beyond first aid for every 200,000 hours worked. For 2013 the goal has been set at 3.10 which is 40% below the Bureau of Labor Statistics (BLS) Water Utility Average ORIR of 5.20 and will be evaluated against the graduated award scale below and discretion of management.

ORIR	Award
2.90	150.0%
2.95	137.5%
3.00	125.0%
3.05	112.5%
<b>3.10</b>	<b>100.0%</b>
3.20	87.5%
3.30	75.0%
3.40	62.5%
3.50	50.0%
>3.50	0%

## 2013 AIP OPERATIONAL MEASURES

### Service Quality (5%)

This metric is measured by the Service Quality Survey (SQS) which is conducted throughout the year for customers requesting service resulting in completion of a service order by a Field Service Representative (FSR). The score is based on the survey question: "Overall, how satisfied were you with the outcome of your service contact?" taking the top two response categories of a 5 point response scale (5. Extremely Satisfied, 4. Very Satisfied, 3. Somewhat Satisfied, 2. Somewhat Dissatisfied, 1. Very Dissatisfied). The American Water goal for 2013 is 85% and the graduated award scale is provided below.

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

### Customer Satisfaction (5%)

This metric measures overall customer satisfaction through a random customer 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%
<b>90</b>	<b>100%</b>
89	90%
88	80%
87	70%
86	60%
85	50%
<85	0%



AMERICAN WATER

# 2014 Annual Incentive Plan

# Table of Contents

<b>1</b>	<b>THE 2014 AMERICAN WATER ANNUAL INCENTIVE PLAN</b>
1	Your Performance — Your Award
2	Eligibility
<b>3</b>	<b>DETERMINING AIP AWARDS</b>
3	Step 1: Establish initial award pool based on overall corporate performance
5	Step 2: Allocate overall corporate funding to organizational groups/functional areas, and adjust specific organizational group/functional area funding to reflect results
5	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
<b>6</b>	<b>WHAT THE 2014 AIP MEANS FOR YOU</b>
6	Performance Ratings
7	Award Funding Determination
8	Receiving Your AIP Award
<b>9</b>	<b>FREQUENTLY ASKED QUESTIONS</b>
<b>10</b>	<b>ATTACHMENT A: OPERATIONAL MEASURES</b>
<b>13</b>	<b>ATTACHMENT B: INCENTIVE PLAN TARGETS</b>

## THE 2014 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 2014 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. This means that company and individual performance are both taken into account to determine cash awards under the plan. We continue to make adjustments to the AIP design to reinforce the link between company and individual performance and award payouts.
- The AIP program for 2014 is similar to last year, and directly ties the amount of available cash for AIP payouts to company performance against specific metrics. For 2014, the performance metrics have been adjusted, replacing measures around Business Transformation. We have increased targets for safety, service quality and customer satisfaction. Doing so continues to drive value for our customers and focuses our efforts to ensure that the work we do is always safe.
- 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 underperform 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 2014 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 2014 plan works and what it means for you.

### ELEMENTS OF THE PROGRAM

- AIP award pool funding is based on overall corporate performance against specific financial and non-financial performance (represented by the Corporate Multiplier), then allocated across organizational groups/functional areas. Allocation is subject to senior management's discretion and recognizes organizational group/functional area results.
  - AIP funding for all eligible exempt employees depends on the company achieving its financial and nonfinancial performance.
  - 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 2014, the Individual Performance Factor range is 0%–200%. Individual payouts will be capped at 200% of AIP target award.
- Award opportunity (Target Award) is expressed as a percentage of base salary. (See Attachment B.)
  - 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 predetermined performance goals.
- Your AIP will be distributed as a cash award in March.
  - You must be actively employed with American Water on the date awards are paid to receive your 2014 AIP payout. You (or your beneficiary) may be eligible for a prorata award if you are disabled, retire, die, involuntarily terminate (not "for cause") or a divestiture occurred on or after July 1, 2014. In the event of an involuntary termination for cause, you would not be eligible to receive an award.

## 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, 2014 are also eligible to participate in the AIP on a prorated basis.
  - Employees transferred from nonexempt to exempt status on or after September 30, 2014 are not eligible in the current plan year.
- If you are promoted or transferred 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 salary and target level as of December 12, 2014, except ML4s and above who will be prorated at each salary and target level. All AIP target awards will be paid based on salaries as of December 12, 2014.
- You must be an active employee with American Water on the date the payout is made in order to receive the award. You (or your beneficiary) may be eligible for a prorata award if you are disabled, retire, die, involuntarily terminate (not “for cause”) or a divestiture occurred on or after July 1, 2014. (Retirement under this plan is age 55 and 10 total years of employment service.)
- You are not eligible for an AIP award if:
  - you transfer from exempt status to nonexempt status during the current plan year or your job was reclassified to nonexempt status,
  - your performance rating is “Unacceptable” or “Too Soon to Rate,”
  - you have not complied with the company’s annual Code of Ethics certification by the established deadline, or
  - your employment was involuntarily terminated for cause.

## 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 2014 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

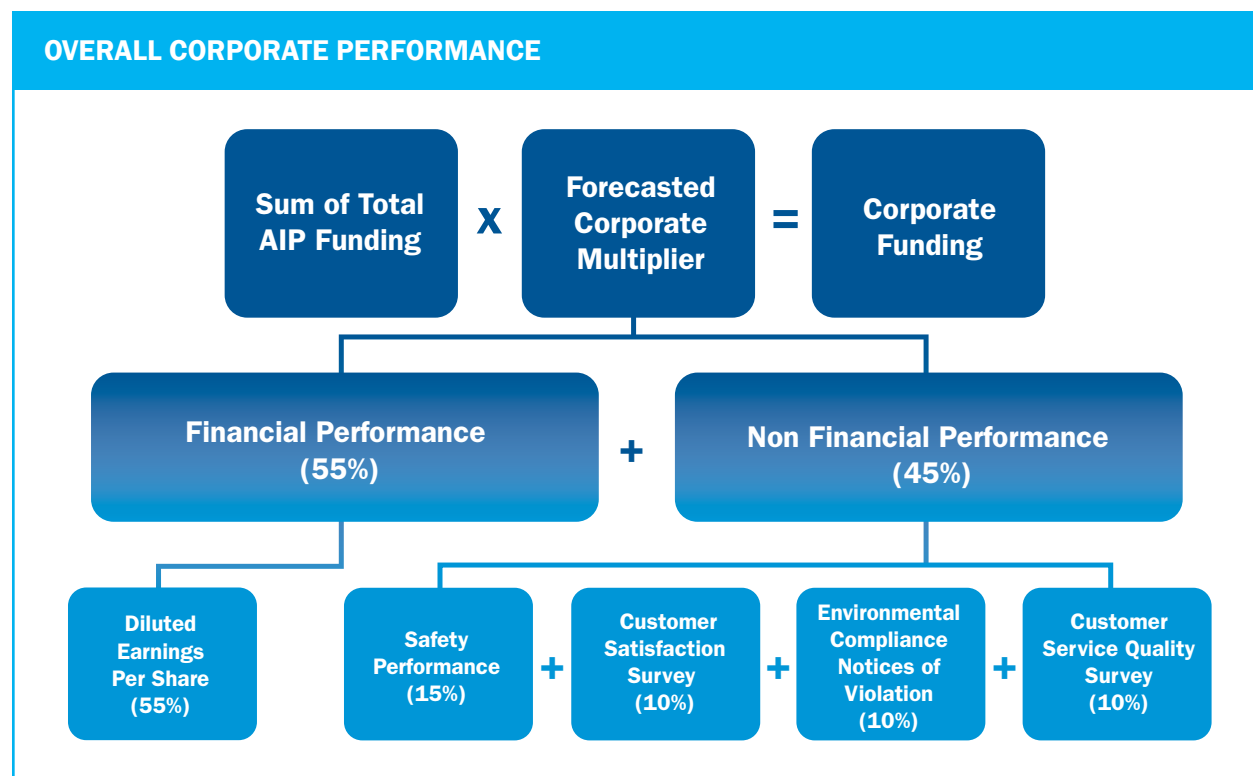
AIP award payouts depend on individual performance; they also depend on overall corporate performance and organizational group/functional area results (which determine award pool funding).

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 2014, 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 operational goals described on the following page. Note that there is a predetermined threshold for company performance.



## Step 1 (continued)

- **2014 Diluted Earnings Per Share (EPS) must be at least 94% of target** for any financial funding and award to be provided under the AIP.
- **2014 Diluted Earnings Per Share (EPS) must be at least 90% of target** for funding of any award to be provided under the AIP Non Financial Performance Factors.
- **Financial Metric (Weighted 55%)\***
  - **Diluted Earnings Per Share** is a widely tracked measure of financial performance/profitability, and is calculated as follows:

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

\* 2014 Diluted Earnings Per Share (EPS) must be at least 94% of target for any financial funding and award to be provided under the AIP.

- **Non Financial Metric (Weighted 45%)\*\***
  - Environmental Compliance Notices of Violation (NOVs) (10%)
  - Safety Performance (15%)
  - Customer Satisfaction Survey (10%)
  - Customer Service Quality Survey (10%)

\*\* These outcomes are based on a combination of surveys, end-of-year results, data and other annual reports (For more details on these performance measures, 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 and non financial goals. A predetermined financial threshold for company performance must be met in order for funding and any award to be provided under the AIP. For 2014, the threshold is 90% of EPS target in order to fund any award to be provided under the AIP for non financial performance factors.

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 any award payout. The Corporate Multiplier (and thus funding for payouts) may be adjusted to take into account nonrecurring items such as impairment charges, dissolutions or acquisitions of businesses or costs associated with one-time events.

## Step 2: Allocate overall corporate funding, and adjust specific 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.

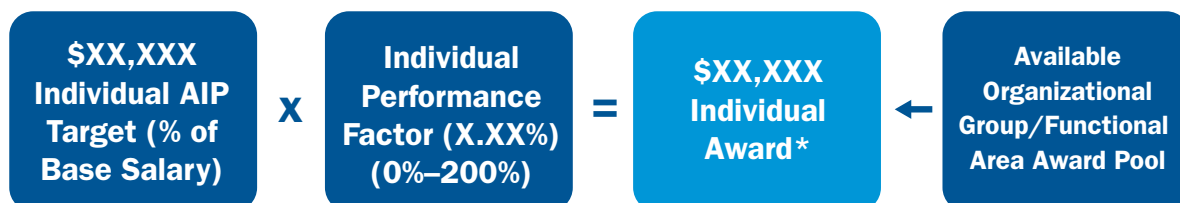
## Step 3: Determine individual AIP award

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.

The Individual Performance Factor represents how well you achieve your annual individual performance goals. Your Individual Performance Factor (IPF) can range from 0% to 200%, 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 2014 AIP award payout. Individual payouts will be capped at 200% 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.

### INDIVIDUAL PERFORMANCE FACTOR (IPF)

**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.

## WHAT THE 2014 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:

2014 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.
HIGHLY EFFECTIVE	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.
NEEDS IMPROVEMENT	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 – or you could earn a lower payout or no payout at all. In other words, **the AIP design gives you more power to impact the size of your award. It also means that you are accountable for meeting your performance goals.**

## Award Funding Determination

Below are four scenarios that demonstrate how AIP funding may be calculated:

### AIP FUNDING EXAMPLE

**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.

	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4
Financial Performance Factor	1.39	0.94	0.25	0.00
Non Financial Performance Factor	0.90	1.00	0.50	0.00
<b>STEP 1: Establish corporate funding based on overall corporate performance</b>				
Total of AIP Targets (A)	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Financial Performance Factor (i) (55% weight)	$1.39 \times 0.55 = 0.76$	$0.94 \times 0.55 = 0.52$	$0.25 \times 0.55 = 0.14$	$0.00 \times 0.55 = 0.00$
Non Financial Performance Factor (ii) (45% weight)	$0.90 \times 0.45 = 0.41$	$1.00 \times 0.45 = 0.45$	$0.50 \times 0.45 = 0.23$	$0.00 \times 0.45 = 0.00$
i + ii = Corporate Multiplier (B)	1.17	0.97	0.37	0.00
<b>A × B = Corporate Funding</b>	$\$20,000,000 \times 1.17 =$ <b>\$23,400,000</b>	$\$20,000,000 \times 0.97 =$ <b>\$19,400,000</b>	$\$20,000,000 \times 0.37 =$ <b>\$7,400,000</b>	$\$20,000,000 \times 0.00 =$ <b>\$0</b>
<b>STEP 2: Allocate overall corporate funding to organizational groups/functional areas; adjust specific organizational group/functional area funding to reflect results</b>				
Organizational Group Pool (C) (Allocated from corporate funding)	\$2,340,000	\$1,940,000	\$740,000	\$0
Organizational Group Adjustment (D)	1.00 (Target)	.80 (Below Target)	1.20 (Above Target)	1.00 (Target)
<b>C × D = Organizational Group Pool</b> (adjusted based on results)	$\$2,340,000 \times 1.00 =$ <b>\$2,340,000</b>	$\$1,940,000 \times 0.80 =$ <b>\$1,552,000</b>	$\$740,000 \times 1.20 =$ <b>\$888,000</b>	$\$0 \times 1.00 =$ <b>\$0</b>

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.

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 no later than March 14, 2015. If you are eligible for an award payout, please keep in mind that:

- You must be actively employed with the company on the date of payout.
- The payout will be based on your annual base salary as of December 12, 2014 and subject to all federal, state and local income tax withholdings.
- The American Water Board of Directors or its Designee has the right to adjust the award determination(s) and/or award payouts(s) at its discretion.

Remember, it's your performance — and your award: The contributions you make to American Water's success throughout the year ultimately impact the amount 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

### **How does the plan reward performance?**

The AIP allows us to differentiate and reward the performance of employees who contribute to the achievement of the company's goals. The 2014 AIP directly ties award payouts to measurable contributions (company, organizational group/functional area and individual) to American Water's success.

### **Who is eligible for the AIP?**

All regular, full-time exempt employees are eligible to participate. If you join American Water on or before September 30, 2014, you are also eligible to participate in the plan on a prorated basis.

### **What do I have to do to receive an AIP award?**

Any payout will depend largely on your performance, as well as on company, organizational group/functional area performance (including both financial and non financial), which determines funding.

If your performance is rated "Needs Improvement" 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, and then work hard throughout the year to achieve those goals.

### **How is my AIP target award opportunity determined? How can I find out what it is?**

Your AIP target award opportunity is based on your job and is expressed as a percentage of your base salary. Please see your manager to learn more about your target award opportunity for 2014.

### **How will my AIP award payout be calculated?**

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 operational goals as well as financial goals. Once individual awards are calculated, they are paid from the organizational group/functional area funding.

### **What is the minimum and maximum that could be paid under the plan (as a percent of target)?**

AIP award payouts can range from zero, to a maximum of an Individual Performance Factor of 200%. Payouts are capped at 200% of AIP target award.

### **Will I receive an award payout if I meet my individual performance goals but the company does not achieve minimum (threshold) performance?**

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.

### **What happens if I leave American Water before I receive my award payout?**

To receive the award payout, you must be actively employed with American Water on the date the payment is to be made. You (or your beneficiary) may be eligible for a prorata award if you are disabled, retire, die, involuntarily terminate (not "for cause") or a divestiture occurred on or after July 1, 2014. (Retirement under this plan is age 55 and 10 total years of employment service.) Employees involuntarily terminated for cause would not be eligible.

### **What happens if I change job positions or I receive a merit increase within American Water during the plan year?**

In either scenario, your award payout will be based on your base salary and target level percentage as of December 12, 2014.

# ATTACHMENT A

## 2014 AIP FINANCIAL PAYOUT CURVE

### Diluted Earnings Per Share (55%)

<b>% TARGET</b>	<b>ACHIEVED % PAYOUT</b>
103.0%	150.0%
102.4%	140.0%
101.8%	130.0%
101.2%	120.0%
100.6%	110.0%
100.0%	100.0%
98.8%	85.0%
97.6%	70.0%
96.4%	55.0%
95.2%	40.0%
94.0%	25.0%
<94.0%	0.0%



## 2014 AIP OPERATIONAL MEASURES NON FINANCIAL PERFORMANCE (45%)

### Environmental Compliance (10%)

For determining environmental compliance, American Water will count Notices of Violation (NOVs) for which the company is responsible as described in the Environmental Non-Compliance Reporting Practice.

For 2014, American Water's NOV target is 13.

NOVs	AWARD
7	150.0%
9	137.5%
11	125.0%
12	112.5%
13	100.0%
14	87.5%
15	75.0%
16	62.5%
17	50.0%
>17	0.0%

### Safety Performance (15%)

Safety performance will be determined using the OSHA Recordable Incident Rate (ORIR), which measures injuries and illnesses requiring treatment beyond first aid per 200,000 hours worked. For 2014, the goal has been set at a rate less than 2.75 with the Regulated Operations at a rate less than 2.86 and the Market Based goal at a rate of less than 2.05. These goals will be evaluated against the graduated award scale below and discretion of management.

ORIR	AWARD
2.55	150.0%
2.60	137.5%
2.65	125.0%
2.75	112.5%
< 2.75	100.0%
2.85	87.5%
2.95	75.0%
3.05	62.5%
3.15	50.0%
>3.15	0.0%

## Service Quality (10%)

This metric is measured by the Service Quality Survey (SQS) which is conducted throughout the year for customers requesting service resulting in completion of a service order by a Field Service Representative (FSR). The score is based on the survey question "Overall, how satisfied were you with the outcome of your service contact?" which has a five-point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied). The American Water target for 2014 is 85% extremely or very satisfied customers, and the graduated award scale is provided below.

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 (10%)

This metric measures overall customer satisfaction through a random customer survey containing the 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 for 2014.

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%

## ATTACHMENT B

### 2014 ANNUAL INCENTIVE PLAN TARGETS

#### Exempt Positions

GRADE	AIP%
ML4	30%
L5-L6	20%
L7	15%
L8-L9	10%
L10-L12	5%



AMERICAN WATER

1025 Laurel Oak Road  
Voorhees, NJ 08043

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Donald J. Petry**

- 49.** Reference the Kentucky American Water application generally. Itemize all incentive compensation costs allocated from American Water and/or other affiliates that are included in the Company's claim. Provide this information separately for the Base Period and the Test Period.

**Response:**

The performance compensation costs allocated from American Water Works Service Company (AWWSC) included in the Company's filing are reflected in the table below. The account 50171000 reflects the amounts for the Annual Performance Plan, however the general ledger account name displays the Annual Incentive Plan name.

GL Account	GL Account Name	Base Year	Forecasted Test Year
50171000	Annual Incentive Plan	\$417,328	\$537,596
50171600	Compensation Exp - Options	50,427	60,362
50171800	Compensation Exp - RSU's	147,019	183,090
Total		\$614,774	\$781,049

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Linda C. Bridwell**

- 50.** Reference the Kentucky American Water application generally. Provide the date(s) when the Company first offered incentive compensation and explain why Kentucky American Water did not previously request recovery in rates.

**Response:**

KAW implemented an incentive compensation program after reviewing the recommendation of Schumaker & Company in its comprehensive management and operations audit of KAW in 1991 that the company consider a bonus program for senior level management and Service Company executives.

The first rate case not resolved by settlement following KAW's implementation of an incentive compensation program was Case No. 95-554. KAW proposed to include incentive compensation in rates. In that case, the Office of the Attorney General ("AG") recommended that the costs associated with incentive compensation not be recovered in rates. The Commission denied the AG'S proposed adjustment because the incentive program adopted by KAW "not only reviews financial goals beneficial to the stockholders, but also includes service and operations goals beneficial to ratepayers... [KAW] has thus met its burden by showing that the cost of its incentive bonus plan is appropriate for rate-making purposes."<sup>1</sup>

In KAW's next rate, Case No. 97-034, KAW again requested that incentive compensation expenses be included in rates and the AG recommended that the costs be shared between ratepayers and stockholders. The Commission denied the AG's adjustment for the same reasons as in Case No. 95-554.<sup>2</sup>

KAW's next rate case, Case No. 2000-120, also included incentive compensation expenses. The AG proposed the same adjustment as in Case No. 97-034. The Commission again denied the adjustment, but noted it was reconsidering its position on the issue.<sup>3</sup>

In Case No. 2004-00103, the AG again proposed a cost-sharing adjustment in response to KAW including incentive compensation expenses in rates. The Commission eliminated

---

<sup>1</sup> *In the Matter of: Application of Kentucky-American Water Company to Increase Its Rates* (Case No. 95-554) September 11, 1996 Order.

<sup>2</sup> *In the Matter of: Application of Kentucky-American Water Company to Increase Its Rates* (Case No. 97-034) September 30, 1997 Order.

<sup>3</sup> *In the Matter of: Application of Kentucky-American Water Company to Increase Its Rates* (Case No. 2000-120) November 27, 2000 Order.

all of the incentive compensation costs. The Commission's order stated that KAW did not demonstrate that the incentive plans benefited ratepayers.<sup>4</sup>

The next KAW rate case not resolved by settlement was Case No. 2010-00036. KAW again proposed to include incentive compensation in rates and produced a study that was intended to quantify the benefits that inure to customers as a result of incentive compensation. The AG recommended that KAW's proposed incentive compensation expense not be included in rates. The Commission continued its position from Case No. 2004-00103.<sup>5</sup>

In KAW's last rate case, Case No. 2012-00520, KAW did not propose to include incentive compensation expense in rates. As explained in the direct testimony of then-President Cheryl Norton, incentive compensation adds value to KAW customers, but KAW recognized that the Commission had not allowed rate recovery of that legitimate expense in recent cases based on the lack of an acceptable study on the topic. At the time, KAW had not completed a study.

KAW has proposed to recover its total compensation expenses in this case, which includes short-term and long-term variable compensation. KAW has included a study performed by Willis Towers Watson finding that KAW's total compensation is reasonable, competitive and benefits employees, customers and shareholders. As such, it is a legitimate expense that should be included in rates.

---

<sup>4</sup> *In the Matter of: Adjustment of the Rates of Kentucky-American Water Company* (Case No. 2004-00103) February 28, 2005 Order.

<sup>5</sup> *In the Matter of: Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Case No. 2010-00036) December 14, 2010 Order.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Christine Karlsson**

**51.**      Reference the Kentucky American Water application generally. Describe any changes to employee or office incentive programs over the past five years or that are projected for the future.

**Response:**

For 2016 (and the future)

- Full-time non-union, non-exempt American Water employees will be added to the Annual Performance Plan (APP) at 5% of their annual base salary.
- Reduced the number of measures from 10 to 6 to simplify the design and align the number of measures and performance to our peers.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Donald J. Petry**

- 52.** Reference the Kentucky American Water application generally. Identify and quantify all officer compensation by component, including incentive awards and bonuses, paid in each of the past three years and indicate the portion of each component that is included in the Company's proposed revenue requirement. Also identify, by title, the officers whose compensation is included in this response. Include both Kentucky American Water officers as well as officers of affiliates whose costs are allocated to Kentucky American Water in your response.

**Response:**

Please see attached. Officer compensation, including allocated compensation from American Water Works Service Company employees, is provided for Kentucky American, American Water Works Service Company and American Water Capital Corporation officers. The attachment contains confidential information and is subject to a petition for confidential protection.

**Kentucky American Water Company  
Officer Compensation**

Year	Officer	Title	Co	Salary	Bonus	AiP	Stock Div	Total
2013			KY	\$177,938	\$0	\$70,571	\$1,835	\$250,344
2013			AWWSC	5,831	0	2,020	68	7,918
2013			AWWSC	26,212	0	7,174	0	33,385
2013			KY	155,594	0	53,232	1,827	210,652
2013			AWWSC	11,669	0	3,063	0	14,733
2013			AWWSC	5,139	0	1,530	0	6,669
2013			AWWSC	4,837	0	1,538	53	6,428
2013			AWWSC	90,394	0	17,892	0	108,287
2013			AWWSC	6,792	0	1,652	0	8,443
2013			AWWSC	0	0	0	0	0
2013 Total				\$484,405	\$0	\$158,672	\$3,783	\$646,859
2014			KY	182,486	0	32,620	5,110	220,216
2014			AWWSC	30,379	0	7,174	0	37,552
2014			KY	159,973	0	39,112	1,472	200,557
2014			AWWSC	9,937	0	3,063	0	13,000
2014			AWWSC	3,866	0	647	0	4,514
2014			AWWSC	6,838	704	139	6	7,687
2014			AWWSC	3,129	0	609	0	3,738
2014			AWWSC	58,308	0	17,892	0	76,201
2014			AWWSC	7,557	0	1,652	0	9,209
2014			AWWSC	0	0	0	0	0
2014 Total				\$462,474	\$704	\$102,909	\$6,588	\$572,674
2015			AWWSC	38,322	0	15,401	2,051	55,775
2015			AWWSC	34,783	0	7,174	0	41,956
2015			AWWSC	4,585	0	647	0	5,232
2015			AWWSC	7,330	0	139	6	7,476
2015			AWWSC	3,394	0	609	0	4,004
2015			AWWSC	56,207	0	17,892	0	74,099
2015			KY	16,118	0	0	0	16,118
2015			AWWSC	8,095	0	1,652	0	9,747
2015			AWWSC	0	0	0	0	0
2015 Total				\$168,835	\$0	\$43,515	\$2,057	\$214,407

American Water Works Service Company  
Officer Compensation

Year	Officer	Title	Allocated Salary	Allocated Bonus	Allocated AIP	Alloc Stock Div	Total
2013			\$5,453	\$0	\$2,292	\$284	\$8,028
2013			2,452	0	1,557	192	4,202
2013			10,974	0	6,967	1,015	18,957
2013			6,468	0	2,459	209	9,136
2013			7,537	0	2,912	269	10,718
2013			6,089	0	1,543	0	7,632
2013			25,694	0	15,401	2,051	43,146
2013			7,640	0	4,027	177	11,845
2013			0	0	0	0	0
2013			5,831	0	2,020	68	7,918
2013			19,843	0	17,564	3,194	40,601
2013			1,735	0	0	0	1,735
2013			5,139	0	1,530	0	6,669
2013			4,837	0	1,538	53	6,428
2013			5,466	0	3,488	445	9,399
2013			6,270	0	1,668	75	8,013
2013			8,752	0	4,459	533	13,745
2013			9,006	0	3,784	89	12,878
2013			13,822	0	9,691	1,557	25,070
2013			6,792	0	1,652	0	8,443
2013			8,736	0	4,422	0	13,158
2013			8,056	0	2,273	0	10,328
2013 Total			\$176,590	\$0	\$91,247	\$10,210	\$278,048
2014			11,609	0	6,000	904	18,513
2014			5,833	0	1,761	175	7,769
2014			7,975	0	3,075	221	11,270
2014			6,448	0	1,118	1	7,567
2014			27,381	0	13,127	1,894	42,401
2014			372	0	121	3	496
2014			8,166	0	3,074	152	11,393
2014			0	0	0	0	0
2014			21,070	0	16,395	2,878	40,343
2014			1,850	0	0	0	1,850
2014			3,866	0	796	0	4,662
2014			7,776	0	4,023	546	12,345
2014			6,838	704	1,154	60	8,756
2014			6,640	0	1,198	62	7,900
2014			9,342	343	3,636	485	13,805

American Water Works Service Company  
Officer Compensation

Year	Officer	Title	Allocated Salary	Allocated Bonus	Allocated AIP	Alloc Stock Div	Total
2014			3,129	0	460	0	3,589
2014			8,986	0	3,511	74	12,572
2014			7,820	343	2,162	211	10,536
2014			14,533	0	8,303	1,526	24,361
2014			7,557	0	1,337	68	8,963
2014			7,119	0	2,540	366	10,025
2014			8,686	8,118	0	0	16,804
2014 Total			\$182,998	\$9,507	\$73,790	\$9,625	\$275,920
2015			38,322	0	17,857	2,445	58,625
2015			0	0	0	0	0
2015			11,328	880	2,902	190	15,300
2015			8,409	0	3,429	384	12,221
2015			492	0	231	32	755
2015			21,807	0	15,909	2,663	40,379
2015			1,962	0	0	0	1,962
2015			4,585	0	1,118	0	5,703
2015			10,331	0	5,008	682	16,021
2015			7,330	0	2,226	56	9,612
2015			8,481	0	1,684	384	10,549
2015			7,298	264	1,332	58	8,951
2015			8,004	0	2,846	185	11,035
2015			9,612	0	3,952	447	14,011
2015			3,394	0	529	0	3,923
2015			8,222	0	3,409	194	11,826
2015			8,095	0	1,796	63	9,954
2015			13,570	0	6,563	16	20,149
2015			13,883	0	10,056	52	23,991
2015			10,627	0	0	0	10,627
2015			4,428	2,641	0	0	7,069
2015			3,047	880	0	0	3,927
2015 Total			\$203,229	\$4,665	\$80,843	\$7,852	\$296,589

**American Water Capital Corporation  
Officer Compensation**

Year	Officer	Title	Allocated Salary	Allocated Bonus	Allocated AIP	Alloc Stock Div	Total
2013			\$0	\$0	\$0	\$0	\$0
2013			6,468	0	2,459	209	9,136
2013			2,978	0	395	0	3,373
2013			0	0	0	0	0
2013			5,139	0	1,530	0	6,669
2013			8,752	0	4,459	533	13,745
2013			8,736	0	4,422	0	13,158
2013			<u>\$32,073</u>	<u>\$0</u>	<u>\$13,265</u>	<u>\$743</u>	<u>\$46,080</u>
2014			5,833	0	1,761	175	7,769
2014			0	0	0	0	0
2014			2,872	0	871	42	3,785
2014			6,640	0	1,198	62	7,900
2014			9,342	343	3,636	485	13,805
2014			7,119	0	2,540	366	10,025
2014			<u>\$31,806</u>	<u>\$343</u>	<u>\$10,006</u>	<u>\$1,129</u>	<u>\$43,284</u>
2015			0	0	0	0	0
2015			7,298	264	1,332	58	8,951
2015			8,004	0	2,846	185	11,035
2015			9,612	0	3,952	447	14,011
2015			13,883	0	10,056	52	23,991
2015			4,428	2,641	0	0	7,069
2015			<u>\$43,225</u>	<u>\$2,905</u>	<u>\$18,185</u>	<u>\$742</u>	<u>\$65,057</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 53.** Reference the Kentucky American Water application generally. Identify all compensation, bonuses, and benefit costs included in the Company's claim relating to:
- a.     the Kentucky American Water Board of Directors, and
  - b.     Board of Directors' costs allocated from American Water and/or other subsidiaries.

**Response:**

- a.     Kentucky American Water Board of Directors' fees included in the Company's claim were \$72,000.
- b.     The Director's fees allocated from American Water Service Company (AWWSC) and include in the Company's claim for the pro forma support service costs of the rate case were \$18,252.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

- 54.**      Reference the Kentucky American Water application. Provide the budgeted and actual number of employee positions for each month from January 1, 2013 through the latest month available.

**Response:**

Please see attached.





**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Donald J. Petry**

- 55.** Reference the Kentucky American Water application generally. Itemize the amounts included in the Base Period and Test Period for positions that were vacant at the end of the Base Period.

**Response:**

Please see the Company's response to Item 21 of the Commission Staff's First Request for Information. The Company did not budget any vacant positions at the end of the Base Period.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Donald J. Petry**

- 56.**      Reference the Kentucky American Water application generally. Provide the actual overtime hours in each of the past three years, as well as the hours assumed in the Base Period and Test Period in the filing.

**Response:**

Please see below.

<u>Year</u>	<u>Overtime Hours</u>
2013	23,524.25
2014	26,089.00
2015	27,164.50
Base Period	24,816.35
Forecast Year	16,947.44

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Donald J. Petry**

- 57.**      Reference the Kentucky American Water application generally. Provide the basis for the 4% increase assumed for non-OPEB insurance costs, as discussed on page 8 of Mr. Petry's testimony.

**Response:**

American Water worked with Willis Towers Watson to project future group insurance costs. According to Willis Towers Watson, the national healthcare trend for Energy and Utilities was approximately 5% for 2015 and is projecting to increase by 6% in 2016. However, with some benefit changes that helped reduce projected costs, the Company planned a 4% increase for the group insurance budget.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Donald J. Petry**

- 58.** Reference the Kentucky American Water application generally. Identify all benefits that vary depending upon the date of hire of the employee, and describe how the various benefits vary depending on hire date.

**Response:**

Benefit plans for 401(k), Defined Contribution Plan, Defined Benefit Plan and Post-Retirement Benefits Other Than Pensions (PBOP) vary depending on hire date.

Original 401(k) – non-union employees hired before 1/1/06 and union employees hired before 1/1/01 participate in the original 401(k) plan. The Company matches 50% of the first 5% of the employee's contribution (or 2.5% of base pay).

Enhanced 401(k) – non-union employees hired after 1/1/06 and union employees hired before 1/1/01 participate in the enhanced 401(k) plan. The Company matches 100% of the first 3% of the employee's contribution and 50% of the next 2% (or 4% of base pay, overtime and APP).

Defined Contribution Plan – non-union employees hired after 1/1/06 and union employees hired before 1/1/01 participate in DCP. Employees receive 5.25% of their base pay which is put into an investment account.

Defined Benefit Plan - non-union employees hired before 1/1/06 and union employees hired before 1/1/01 participate in DBP. This pension plan promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, service years and age.

Post-Retirement Benefits Other Than Pensions (PBOP) - non-union employees hired before 1/1/06 and union employees hired before 1/1/01 participate in PBOP. Employees will receive medical health care benefits after retirement.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers/Donald J. Petry**

**59.**      Reference the Kentucky American Water application generally. Provide a job description for each new position added since the Company's last water base rate case.

**Response:**

- The following positions have been added to Kentucky American Water, Lexington:
  - Automation & Controls Tech II
  - Manager of Business Performance
  - Mgr. Health & Safety Programs
  - Specialist Business Services
  - Waste Water Operator
  - Water Quality and Environmental Technician III
  
- Job descriptions attached.



### JOB DESCRIPTION

<b>Job Title:</b>	<b>Job Title:</b> Automation & Controls Technician II	<b>Job ID:</b> 31002354
	<b>Grade:</b> L09	<b>FLSA:</b> Non-Exempt
	<b>EEO:</b> 03 Technicians	
<b>Job Family:</b>		
<b>Approved:</b> <input checked="" type="checkbox"/> <b>Date:</b> 10/30/2014 <b>Job Content Reviewed:</b> <input checked="" type="checkbox"/> <b>Date:</b> 10/30/2014		
<b>Primary Role:</b>	Responsible for performing and/or assisting in the design, installation integration, configuration, diagnosis, security, and commissioning of process control & monitoring equipment in automation & process control systems related to water treatment and distribution and wastewater treatment and collection. Additional responsibilities include, educating company employees on process control systems, ensuring compliance to Company process control standards and practices.	
<b>Key Accountabilities:</b>	<p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Assist in construction projects. Participate in engineering design review, information gathering, inspection, and commissioning or start up of projects that include electrical, instrumentation and process control equipment or systems. Assist in factory witness testing.</li> <li>• Assist or perform with guidance minor changes in software programs such as adding or modifying system signals, graphic displays, alarms and trending and functional operation of all instrumentation systems.</li> <li>• Diagnose and resolve automation &amp; process control system issues, with guidance. Keep current with hardware and software updates and improvements.</li> <li>• Perform and or direct diagnostic procedures on installed mechanical, electrical or instrumentation and process control equipment or systems following American Waters Best Operating Practices (BOP).</li> <li>• Advise and assist local maintenance personnel on installation, operation or diagnosis of automation &amp; process control systems. Assist in the technical training of company personnel to enhance technical knowledge and skills.</li> <li>• Perform advanced instrumentation validation.</li> <li>• Review existing control logic with the Controls Engineer / Level III Technician and assist in control logic changes</li> </ul>	

JOB DESCRIPTION	
<b>Job Title:</b> Automation & Controls Technician II	<b>Job ID:</b> 31002354
	<ul style="list-style-type: none"> <li>Demonstrate ability to assess options and likely consequences when making decisions or solving problems.</li> </ul>
<b>Experience:</b>	<ul style="list-style-type: none"> <li>Minimum two (3) years of experience in the installation, maintenance, troubleshooting, and repair of automation &amp; process control equipment &amp; systems (SCADA).</li> <li>Experience with data communications systems, protocols, wired and wireless network systems, and radio telemetry.</li> </ul>
<b>Certifications &amp; Licenses:</b>	
<b>Scope:</b>	Total Supervised: Exempt 0 Non-exempt 0  Direct Budget 0 Indirect Budget 0  Direct Revenue 0  Indirect Revenue 0
<b>Work Environment:</b>	Operating Facilities – Multi District State Coverage Area. Requires “on-call” out of hours support during evenings, nights, holidays and weekends.
<b>Travel Requirements:</b>	Travel, including overnight, as required
<b>Key Interfaces/ Relationships:</b>	Level I & III Senior Technician and Controls Engineer as well as production, operations, engineering and maintenance personnel.
<b>Other:</b>	Blank



AMERICAN WATER

### JOB DESCRIPTION

<b>Job Title:</b>	<b>Job Title:</b> Mgr Business Performance	<b>Job ID:</b> 30200120
	<b>Grade:</b> L08	<b>FLSA:</b> Exempt
	<b>EEO:</b> 01 1st/Mid Level Officials & Mgrs	
<b>Job Family:</b>		
<b>Approved:</b> <input checked="" type="checkbox"/> <b>Date:</b> 01/01/2010 <span style="float: right;"><b>Job Content Reviewed:</b> <input checked="" type="checkbox"/> <b>Date:</b> 03/27/2006</span>		
<b>Primary Role:</b>	Responsible for all facets of the regions business performance metrics to ensure all operations are performing to standards.	
<b>Key Accountabilities:</b>	<p>Drive improvements in customer service through the implementation of processes that increase the efficiency and effectiveness of the interface between the Customer Service and Shared Business Service and local operating centers. (10%)</p> <p>Supervises day-to-day management of Sales Maximization activity. (10%)</p> <p>Monitors processes within the region to ensure appropriate handling by the Customer Satisfaction Center (CSC) for all Call Center, Billing and Collections Functions. (10%)</p> <p>Monitors processes within the region to ensure appropriate handling by the Shared Service Center (SSC). This includes but not limited to all customer cash/payment related processes interactions with payment locations (to tracking performance, timeliness of process, etc.) (10%)</p> <p>Directs the workflow information received from the Corporate and Region Business Change Project Managers to ensure communication and compliance of changes being made thorough the organization. Responsible for preview, introduction and implementation of new technology/processes impacting the Service Delivery Staff. (10%)</p> <p>Assists in developing and monitoring reports necessary to track resolution of issues, PUC/PSC Complaints, SORD Closing, Resource Center Performance and Service Delivery Related Handling. Service Delivery includes but not limited to monitoring Service Delivery Performance (Meter Age Changes, adherence to Collections Related volumes, etc.) (10%)</p> <p>Assists in coordinating and providing recommendations for improved technology within the Service Delivery Area. This includes, but not limited to, Meter Reading Equipment, (40%)</p>	
<b>Education:</b>	Bachelor's Degree in Business/Accounting or Customer Service/Performance Management related field preferred or equivalent experience.	
<b>Skills:</b>		





AMERICAN WATER

### JOB DESCRIPTION

<b>Job Title:</b>	<b>Job Title:</b> Mgr Health and Safety Programs	<b>Job ID:</b> 31001225
	<b>Grade:</b> L07	<b>FLSA:</b> Exempt
	<b>EEO:</b> 01 1st/Mid Level Officials & Mgrs	
<b>Job Family:</b>	OPS-RISKMGMT	

**Approved:**  **Date:** 12/31/2013

**Job Content Reviewed:**  **Date:** 12/31/2013

**Primary Role:**

Direct and coordinate technical ORM duties as well as manage Enterprise wide Health and Safety Programs, Systems Development, Near Miss Programs, Job Safety Analysis, and Computerize Safety Enterprise Systems, which will be implemented by way of company-wide Ops and NJAW.

Responsible for managing the health and safety program and supporting systems and databases to reduce injury and illness frequency in accordance with established company strategy, goals and targets. Program activities also assure compliance with Federal Occupational Health and Safety (OSHA) regulations, State OSHA regulations, Federal and State Environmental Protection Agency (EPA) programs, Department of Transportation regulations as applicable and local regulations when they apply. Accountable for the performance and results of employees within a departmental area. Make decisions that are guided by and interpreted through policies, procedures and business plan.

Directly performs health, safety, emergency response, business continuity and some environmental (e.g. Risk Management Plan (RMP), New Jersey Toxic Prevention Catastrophe Act (NJ TCPA) duties that includes technical direction for state based safety staff, implementation and execution of companywide safety programs, providing technical content for health and safety training, inspecting/auditing, development of safety awareness/recognition programs, behavior based safety programs and activities, safety practices and procedures, accident investigations with root cause analysis and corrective actions, selection and implementation of computer based data bases and programs, database management, recordkeeping and medical surveillance. Develops and manages OPEX and CAPEX budgets to support these programs. Maintains records, supporting systems and associated metrics for safety performance and prepares periodic reports as required by regulation or AW. Supports the Claims Center of Expertise by providing investigation and incident analysis for workers' compensation issues. This position will direct technical duties of state staff and work closely with other ORM staff to execute consistent AW programs. Interfaces with all levels of management in order to assure that programs are carried out in accordance with company policy, practices, goals and targets. This position will support Service Company Operations, NJAW and companywide safety programs.

## JOB DESCRIPTION

**Job Title:** Mgr Health and Safety Programs

**Job ID:** 31001225

**Education:**

A bachelor's level degree from an accredited college or university in a safety health related field study or an equivalent combination of undergraduate education

Ten (10) + years experience in a utility, construction or industrial setting that provides the knowledge and exposure to the fundamental theories, principles and concepts of the field.

**Certifications & Licenses:**

Required: At least one relevant/related nationally recognized professional certification

Highly desirable: Safety related certifications, e.g., CIH, CSP, are preferred.

**Skills:**

**Knowledge:**

**Required Knowledge:**

- Knowledge of and familiarity with health and safety program management and OSHA regulatory requirements with increased opportunities to apply expertise across disciplines or organizational areas.
- Generates trust and recognition as a coach and people leader.

**Desirable Knowledge:**

- Water Industry Knowledge
- Emergency response and incident management

**Required Skills:**

- Ability to read and interpret documents such as safety rules and regulations, operating and maintenance instructions and procedure manuals. Ability to write reports and correspondence and communicate information through verbally.
- Ability to solve practical problems and respond to employee and public complaints effectively. Ability to interpret a variety of instructions furnished in written, oral, diagram or schedule form. Must be able to define problems, collect data, establish facts and draw valid conclusions.
- Ability to technically manage staff of professionals
- Ability to work independently with limited supervision
- Ability to work well in a cooperative team environment, participate routinely in multi-disciplinary projects and activities
- Ability to recognize and deal appropriately with confidential and sensitive information.

**Desirable Skills:**

- Particular areas or experience desired: knowledge of OSHA, Federal, State and Local regulations as applicable for a utility or construction environment.

**Experience:**

At least seven (7) years experience with at least three (3) years experience managing people.

Demonstrated experience in development, management and delivery of health and safety programs



AMERICAN WATER

### JOB DESCRIPTION

<b>Job Title:</b>	<b>Job Title:</b> Specialist Business Svcs	<b>Job ID:</b> 30200226
	<b>Grade:</b> L10	<b>FLSA:</b> Exempt
	<b>EEO:</b> 02 Professionals	
<b>Job Family:</b>		
<b>Approved:</b> <input checked="" type="checkbox"/> <b>Date:</b> 01/01/2010 <b>Job Content Reviewed:</b> <input checked="" type="checkbox"/> <b>Date:</b> 03/27/2006		
<b>Primary Role:</b>	Responsible for business services support in an assigned area or to an assigned customer/client base, including relationship building, trouble shooting, communications and documentation and problem resolution.	
<b>Key Accountabilities:</b>	<p>Create and manage an issues list and coordinate resolution. (10%)</p> <p>Analyze business issues and needs and document requirements. (10%)</p> <p>Provide or facilitate training of customers/clients/users and/or internal staffs or departments. (10%)</p> <p>Monitor service level agreements to insure organization is meeting deliverables. (10%)</p> <p>Collaborate with customers/clients/user community to insure satisfactory performance. (10%)</p> <p>Facilitate periodic reviews, client surveys and evaluations, conferences, site visits, conference calls, and/or business communications to transition clients or maintain service and satisfaction levels. (10%)</p> <p>Prepare, monitor, update and distribute appropriate business communication.</p> <p>Maintain awareness/issues list of current business, processes, and practices.</p> <p>Identify potential performance or service problems and recommend corrective action.</p> <p>Develop business presentations, as needed.</p> <p>Handle special projects and responsibilities as assigned.</p> <p>Other duties as assigned. (40%)</p>	
<b>Education:</b>	Bachelor's Degree in Accounting, Finance, Human Resources or related business/operations discipline.	
<b>Skills:</b>		



AMERICAN WATER

JOB DESCRIPTION	
<b>Job Title:</b>	<b>Job Title:</b> Wastewater Operator PA <span style="float: right;"><b>Job ID:</b> 30300244</span>
	<b>Grade:</b> L99 <span style="float: right;"><b>FLSA:</b> Non-Exempt</span>
	<b>EEO:</b> 06 Craft workers (skilled)
<b>Job Family:</b>	
<b>Approved:</b> <input checked="" type="checkbox"/> <b>Date:</b> 01/01/2010 <span style="margin-left: 100px;"><b>Job Content Reviewed:</b> <input checked="" type="checkbox"/> <b>Date:</b> 09/07/2011</span>	
<b>Primary Role:</b>	Working alone or as a member of a team, and under the guidance of a Lead Operator or Supervisor, provides for the safe operation of water or wastewater facilities in an assigned area(s) in such a manner as to support a Supervisor or other Operators in complying with the requirements to supply quality water treatment, distributing wastewater treatment and collection, as established by the company and governmental regulatory agencies. Provides guidance and training to Operator and, as necessary, to less senior Operators and Plant Utility Worker assigned as members of the team.
<b>Key Accountabilities:</b>	<p>Operates, and performs routine duties and care of a wide variety of specialized equipment and apparatus in a plant/treatment facility including pumps, motors, chemical preparation, and feeding; physical, chemical, and biological wastewater treatment and/or water treatment processes; control equipment and monitoring equipment. (%)</p> <p>Maintains records of operations, completes and submits routine and special reports, as assigned. (%)</p> <p>Inspects all mechanical equipment for proper operation. Performs normal lubrication, adjustments, seal packing, minor maintenance, and minor repairs, as necessary. (%)</p> <p>Performs related field and laboratory tests necessary to monitor and control the facilities. Makes necessary adjustments to equipment, processes, and chemical feeders, as test results may indicate and as instructed by the Lead Operator/Supervisor. (%)</p> <p>Operates and assists in repairs to water distribution systems and plants. Responds to customer service calls. (%)</p> <p>Trains other employees in the operation and care of facilities including maintenance, repairs, laboratory work, and safety, as required. Performs all duties of Plant Utility Worker and Lead Operator, as necessary, as well as other related duties, as assigned. (%)</p>
<b>Education:</b>	High School graduate or equivalent.
<b>Skills:</b>	



AMERICAN WATER

JOB DESCRIPTION		
<b>Job Title:</b>	<b>Job Title:</b> WQ/Env Tech III (N)	<b>Job ID:</b> 30300116
	<b>Grade:</b> L12	<b>FLSA:</b> Non-Exempt
	<b>EEO:</b> 05 Office and clerical	
<b>Job Family:</b>		
<b>Approved:</b> <input checked="" type="checkbox"/> <b>Date:</b> 01/01/2010		
<b>Job Content Reviewed:</b> <input checked="" type="checkbox"/> <b>Date:</b> 01/28/2011		
<b>Primary Role:</b>	<p>Responsible for collecting samples from the treatment plant or distribution system, performing routine water quality analyses, sample custody, data entry and recordkeeping.</p> <p>Interpret water quality results and suggest chemical dosage changes to treatment process.</p> <p>Review and respond to water quality complaints and inquiries.</p>	
<b>Key Accountabilities:</b>	<p>Collect and analyze process control and regulatory samples using quantitative and qualitative methods. Maintain bacteriological laboratory and perform bacteriological analysis in the absence of the lab analyst. (50%)</p> <p>Review laboratory test results to ensure that the laboratory data meets QA/QC protocol and regulatory requirements. Initiate chemical dosage changes when necessary. (10%)</p> <p>Review, troubleshoot and maintain all laboratory equipment and continuous monitors. (10%)</p> <p>Assist in the training and development of Water Quality Tech I and II. (10%)</p> <p>Work with internal and external customers to build good relationships and solve laboratory issues. (10%)</p> <p>Evaluate and monitor supplies and other laboratory costs to assist in maintaining the lab budget. (10%)</p>	
<b>Education:</b>	Associate's degree in a Science-related field.	
<b>Skills:</b>		
<b>Knowledge:</b>	<p>Knowledge of basic chemistry and laboratory techniques and QA/QC programs.</p> <p>Knowledge of regulatory requirements.</p> <p>Working knowledge of Word, Excel, Access, Lotus Notes.</p>	

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Donald J. Petry**

- 60.**      Reference the Kentucky American Water application generally. Provide the total amount of severance expenses incurred in each of the past three years, and identify any severance costs included in the Base Period and/or Test Period in this case.

**Response:**

Please see below.

	2013	2014	2015	Base Period	Forecast Year
Kentucky American	\$0	\$18,538	\$127,647	\$32,927	\$0
Allocated from AWWSC	28,914	184,017	51,223	14,107	15,648
Total Severance Expense	<u>\$28,914</u>	<u>\$202,555</u>	<u>\$178,870</u>	<u>\$47,034</u>	<u>\$15,648</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Donald J. Petry**

- 61.** Reference the Kentucky American Water application generally. Provide the total relocation expenses in each of the last three years and as projected for the Base Period and Test Period.

**Response:**

Please see total relocation expenses below.

<u>Year</u>	<u>Amount</u>
2013	\$0
2014	0
2015	153,595
Base Year	269
Forecast Year	259

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Donald J. Petry**

- 62.** Reference the Kentucky American Water application generally. For each of the past five years, provide the following:
- a. the actual pension cost booked by the Company, and
  - b. the amount of any contributions to the pension fund.

**Response:**

Please see below.

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
a. Actual Pension Costs	\$923,432	\$1,021,518	\$819,279	\$246,193	\$599,719
b. Contributions to Pension Fund	3,166,926	1,914,380	1,149,280	619,340	495,600



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Donald J. Petry**

- 63.**     Reference the Kentucky American Water application generally. For each of the last five years provide the following:
- a.     the actual post-retirement benefit cost booked by the Company,
  - b.     the amount of any contributions to a post-retirement benefit fund, and
  - c.     the amount actually paid out in OPEB benefits.

**Response:**

Please see below.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
a. Actual Post-Retirement Benefit Costs	\$923,432	\$1,021,518	\$819,279	\$246,193	\$599,719
b. Contributions to Fund	803,999	845,040	786,845	379,095	721,564

Please see below for claims paid for OPEB benefits. The claims paid are for American Water in total. They are not provided by subsidiary. The 2015 claims will be provided once the Company receives the 2016 actuarial report from Willis Towers Watson.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
c. Claims Paid - American Water	\$23,989,615	\$23,802,962	\$24,890,651	\$25,237,236	\$26,381,880

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Donald J. Petry**

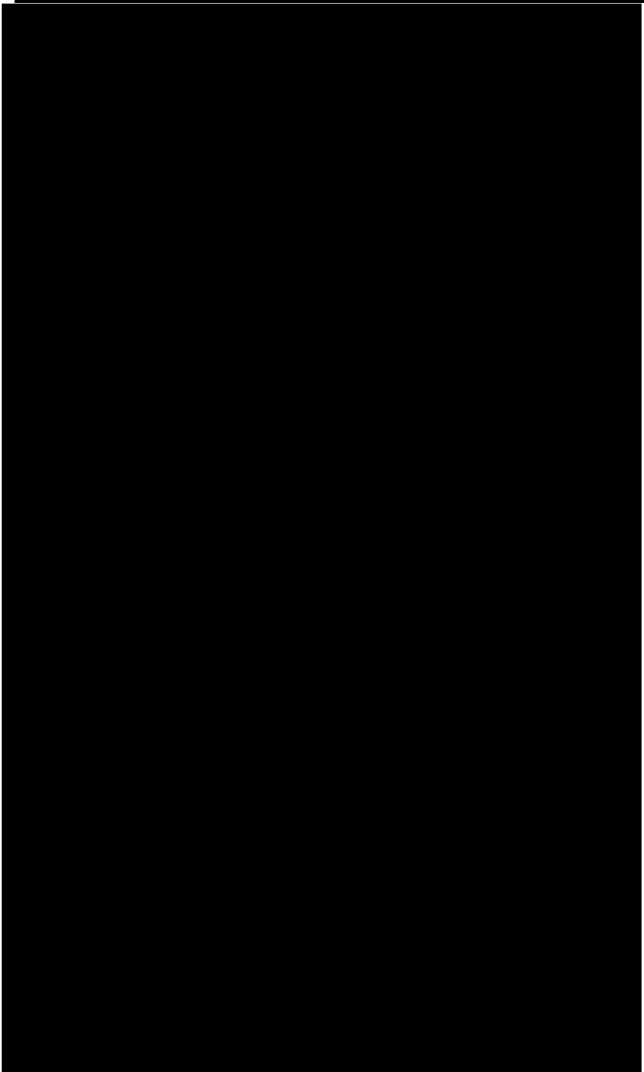
- 64.**      Reference the Kentucky American Water application generally. Fully describe any non-qualified retirement benefits whose costs are included in the Company's claim, and include both costs that are directly incurred by Kentucky American Water as well as costs allocated to the Company:
- a.          identify the Base Period and Test Period costs included in the Company's filing,
  - b.          state how the Company's claims were determined, and
  - c.          identify the individuals eligible for such benefits.

**Response:**

- a.          There are no non-qualified retirement benefit costs for Kentucky American Water employees. Some American Water Works Service Company (AWWSC) employees participate in a non-qualified deferred compensation plan. The costs allocated to Kentucky American for the Base Period were \$2,264 and \$2,398 for the Forecast Year.
- b.          The Company used the Base Period amount and adjusted for merit increases to determine the Forecast Year.

Employees in the ML1-ML4 pay grades are eligible for the non-qualified deferred compensation plan. Please see attached for a list of AWWSC participants. The attachment contains confidential information and is subject to a petition for confidential treatment.

**Kentucky American Water Company  
Response to AG 1-64  
Non-Qualified Deferred Compensation Plan Participants**

Employee #	Job Title	Pay Grade
		ML4
		ML3B
		ML4
		ML3
		ML2
		ML4
		ML4
		ML3
		ML4
		ML4
		ML4
		ML3B
		ML3B
		ML3B
		ML3B
		ML4
		ML3
		ML4
		ML2
		ML4
		ML4
		ML3B
		ML4
		ML4
		ML3
		ML2
		ML4

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

**Witness: Kevin N. Rogers**

- 65.** Reference the Kentucky American Water application generally. Identify all entities from whom Kentucky American Water purchases water. For each such entity provide:
- a. the volume of water purchased in each of the last five years,
  - b. the volume of water anticipated to be purchased in the Base Period and the Test Period,
  - c. identify any required minimum annual purchases, and
  - d. the current purchased water rate.

**Response:**

a., c-d.

**Information for DR Response - DR #65 A, C & D**

	<b>Carroll County</b>	<b>Gallatin County</b>	<b>Georgetown</b>	<b>Paris</b>	<b>WMU</b>
<b>2011</b>	21,092,444	10,185,000	13,794,000		25,243,500
<b>2012</b>	21,058,484	13,823,000	27,464,000		22,503,750
<b>2013</b>	18,630,014	13,982,000	24,918,000		21,173,175
<b>2014</b>	11,369,000	20,441,982	2,379,000	11,549,600	25,195,575
<b>2015</b>	11,491,000	19,117,900	0	39,759,200	20,685,000
<b>Min. Annual Purchases</b>	None	None	None	None	None
<b>Current Purchase Rate</b>	\$2.26/1000g	\$1.46/1000g	KAW SFR Rate +\$.70 = \$4.91/1000g	\$2.25/1000g	First 100cf \$4.27 minimum bill Next 400cf \$3.17 per 100cf Next 1,500cf \$2.96 per 100cf Next 15,000cf \$2.82 per 100cf Next 333,000cf \$2.14 per 100cf Over 350,000cf \$1.51 per 100cf Plus \$0.19 per

					100cf - KRA Fee
--	--	--	--	--	-----------------

b. Please see attached for base and forecast year volume purchased.

		Base Year - \$	Base Year - usage		Forecast Year - \$	Forecast Year - usage
City of Paris	May-15	5,252	23,341	Sep-16	4,167	26,884
	Jun-15	6,223	27,656	Oct-16	4,167	26,884
	Jul-15	8,017	35,632	Nov-16	4,167	26,884
	Aug-15	9,506	42,250	Dec-16	4,167	26,884
	Sep-15	17,841	79,292	Jan-17	4,167	26,884
	Oct-15	10,933	42,570	Feb-17	4,167	26,884
	Nov-15	7,500	33,333	Mar-17	4,167	26,884
	Dec-15	7,500	33,333	Apr-17	4,167	26,884
	Jan-16	4,167	26,884	May-17	4,167	26,884
	Feb-16	4,167	26,884	Jun-17	4,167	26,884
	Mar-16	4,167	26,884	Jul-17	4,167	26,884
	Apr-16	4,167	26,884	Aug-17	4,167	26,884
		<u>89,439</u>	<u>424,943</u>		<u>50,004</u>	<u>322,606</u>

Winchester	May-15	5,162	2,104	Sep-16	8,570	3,538
	Jun-15	4,863	1,947	Oct-16	9,673	4,170
	Jul-15	5,175	2,079	Nov-16	5,286	2,156
	Aug-15	6,289	2,575	Dec-16	6,435	2,636
	Sep-15	5,799	2,298	Jan-17	6,218	2,680
	Oct-15	5,919	2,384	Feb-17	6,781	2,928
	Nov-15	6,100	2,167	Mar-17	7,631	3,136
	Dec-15	6,100	2,167	Apr-17	5,991	2,451
	Jan-16	6,301	2,716	May-17	4,678	1,903
	Feb-16	6,872	2,967	Jun-17	6,792	2,786
	Mar-16	7,733	3,178	Jul-17	6,714	2,753
	Apr-16	6,071	2,484	Aug-17	7,229	2,968
		<u>72,384</u>	<u>29,066</u>		<u>81,999</u>	<u>34,105</u>

Carroll County	May-15	3,564	1,577,200	Sep-16	3,342	1,636,900
	Jun-15	3,656	1,617,800	Oct-16	4,278	1,893,100
	Jul-15	4,403	1,948,300	Nov-16	3,294	1,457,800
	Aug-15	3,684	1,629,900	Dec-16	4,433	1,961,600
	Sep-15	3,949	1,747,500	Jan-17	3,036	1,343,528
	Oct-15	3,545	1,568,400	Feb-17	3,693	1,634,239
	Nov-15	3,082	1,363,717	Mar-17	3,823	1,692,066
	Dec-15	3,082	1,363,717	Apr-17	4,152	1,670,554
	Jan-16	3,076	1,361,500	May-17	3,735	1,820,054
	Feb-16	3,742	1,656,100	Jun-17	4,289	1,898,110
	Mar-16	3,875	1,714,700	Jul-17	3,604	1,595,064
	Apr-16	4,208	1,692,900	Aug-17	3,871	1,557,368
		<u>43,866</u>	<u>19,241,734</u>		<u>45,551</u>	<u>20,160,382</u>

		Base Year - \$	Base Year - usage	Forecast Year - \$	Forecast Year - usage	
Gallatin County	May-15	1,269	845,900	Sep-16	-	
	Jun-15	1,152	768,100	Oct-16	-	
	Jul-15	1,037	691,100	Nov-16	-	
	Aug-15	1,425	949,700	Dec-16	-	
	Sep-15	1,297	864,500	Jan-17	-	
	Oct-15	2,918	1,944,900	Feb-17	2,966	
	Nov-15	1,300	890,411	Mar-17	2,048	
	Dec-15	1,300	890,411	Apr-17	2,257	
	Jan-16	-	-	May-17	1,522	
	Feb-16	3,006	2,058,700	Jun-17	880	
	Mar-16	2,075	1,421,400	Jul-17	-	
	Apr-16	2,287	1,566,700	Aug-17	-	
		<u>19,065</u>	<u>12,891,822</u>		<u>9,673</u>	<u>6,625,671</u>

Georgetown	May-15	9	-	Sep-16	18	-
	Jun-15	28	-	Oct-16	19	-
	Jul-15	9	-	Nov-16	-	-
	Aug-15	19	-	Dec-16	37	-
	Sep-15	19	-	Jan-17	32,714	5,679,527
	Oct-15	19	-	Feb-17	6,319	1,162,944
	Nov-15	18	-	Mar-17	3,676	686,319
	Dec-15	18	-	Apr-17	176	29,604
	Jan-16	33,152	5,755,500	May-17	11	-
	Feb-16	6,404	1,178,500	Jun-17	19	-
	Mar-16	3,725	695,500	Jul-17	9	-
	Apr-16	179	30,000	Aug-17	28	-
		<u>43,598</u>	<u>7,659,500</u>		<u>43,027</u>	<u>7,558,395</u>

Accrual/Reversal	May-15	(2,061)		Sep-16	
	Jun-15	(99)		Oct-16	
	Jul-15	5,130		Nov-16	
	Aug-15	(1,619)		Dec-16	
	Sep-15	1,502		Jan-17	
	Oct-15	270		Feb-17	

Total	May-15	13,195	2,448,545	Sep-16	16,098	1,667,322
	Jun-15	15,823	2,415,503	Oct-16	18,137	1,924,154
	Jul-15	23,771	2,677,111	Nov-16	12,747	1,486,840
	Aug-15	19,303	2,624,425	Dec-16	15,072	1,991,120
	Sep-15	30,407	2,693,590	Jan-17	46,135	7,052,620
	Oct-15	23,603	3,558,254	Feb-17	23,926	4,858,520
	Nov-15	18,000	2,289,628	Mar-17	21,345	3,811,043
	Dec-15	18,000	2,289,628	Apr-17	16,744	3,275,512
	Jan-16	46,696	7,146,600	May-17	14,113	2,891,493
	Feb-16	24,191	4,923,151	Jun-17	16,148	2,530,616
	Mar-16	21,575	3,861,662	Jul-17	14,494	1,624,701
	Apr-16	16,912	3,318,968	Aug-17	15,295	1,587,220
		<u>271,476</u>	<u>40,247,065</u>		<u>230,254</u>	<u>34,701,160</u>

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

**66.**      Reference the Kentucky American Water application generally. Provide a copy of all purchased water contracts for which costs are included in the Company's claim.

**Response:**

Please see the attached for all of the existing purchased water contracts.



## WATER PURCHASE AGREEMENT

This Contract, made and entered into this 14<sup>th</sup> day of September, 2000, by and between the Carroll County Water District #1, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Dennis Crawford, party of the first part, Seller, and the Tri-Village Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Charles F. Noel, party of the second part, Buyer.

### WITNESSETH:

Whereas, the parties hereto are each special districts formed under KRS chapter 74 for the purposes of constructing and operating water supply distribution systems serving water users within their respective areas of jurisdiction, and

Whereas, Buyer requires additional supplies of potable treated water in order to adequately fulfill its obligations to its users in the Wheatley area and has requested that same be supplied to it by Sellers, and

Whereas, Seller owns and operates a water supply distribution system capable of serving its present customers and the estimated number of Buyer's users to be served by the gallonage purposed to be sold to buyer hereunder, and

Whereas, Seller deems it in the best interests of itself and its users that it profitably dispose of its excess capacity as herein proposed, and

Whereas, both parties hereto have approved the sale and purchase of water in accordance with the terms and conditions contained herein by Resolutions duly adopted by their respective commissioners.

Now Therefore, for and in consideration of the foregoing premises and the mutual agreements and undertakings hereinafter set forth, the parties promise and agree as follows:

1. Seller agrees to furnish and supply to Buyer, at the point of delivery hereinafter specified, during the term of this agreement or any renewal or extension thereof, potable treated water meeting applicable state and federal purity and quality standards in such quantity as may be required by the Purchaser.

2. Said water in the amount of <sup>upto C.F.N.</sup> 5000 gallons per day will be furnished at a reasonably constant pressure calculated at 30 or greater PSI from a master meter installed in a 6" water main located on Highway 227 between the water tank and

Wheatley. If a greater pressure than the normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure of supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. Seller agrees to furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type of properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but no more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 3 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall normally be read on the 20<sup>th</sup> day of the month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. Seller agrees to furnish the Purchaser not later than the 5<sup>th</sup> day of each month, with an itemized statement of the amount of water furnished the purchaser during the preceding month.

5. Purchaser agrees to pay the Seller, not later than the 20<sup>th</sup> day of each month, for water delivered in accordance with the following schedule of rates:

\$1.66 per thousand gallons

6. It is further mutually agreed between the Seller and the Purchaser as follows:

A. (Term of Contract) That this contract shall extend for a term of 20 years from the date of initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter shall be extended or renewed for successive one year terms, unless terminated by either party, upon one year's written notice delivered, except where the Seller is unable to comply with its obligations under Sections 1 and 2 or any breach of representations in this contract in which case Purchaser may terminate this contract upon 30 days' written notice.

B. (Delivery of Water) That 30 days prior to the estimated date of initial delivery of water, the Purchaser will notify the Seller in writing the date for initial delivery of water.

C. Purchaser shall have the right, at all reasonable times, to conduct such testing of Seller's water quality at such locations in Seller's system as is reasonable.

D. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with the quality and quantities of water required by the Purchaser. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

E. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at any time upon mutual agreement of the parties provided that Purchaser shall be provided with 120 days' notice prior to any modification of rates.

In the event that compliance with action by regulatory or governmental authority causes Seller to increase its rate to its customers in order to meet resulting increased costs, the rates charged to Purchaser shall be subject to increase based upon approval by the Public Service Commission.

Provisions of this contract may be modified or altered by mutual written agreement.

F. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State, including the Kentucky Public Service Commission, and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

The parties' respective rights and duties hereunder are contingent upon all necessary approvals from the Kentucky Public Service Commission, or its successor agency.

CARROLL COUNTY WATER DISTRICT

RESOLUTION

A Resolution related to contracting for the Sale of Water to Tri-Village Water District, approving same and authorizing the Chairman of the Board of Commissioners to execute and deliver a contract evidencing same.

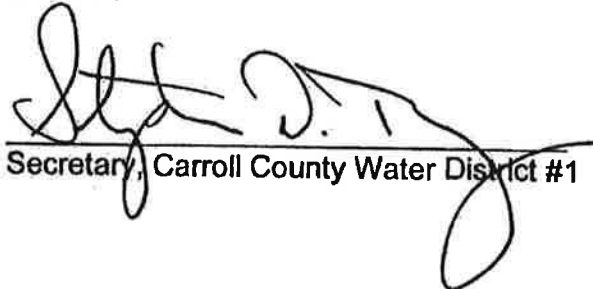
Be It resolved by the Commissioners of the Carroll County Water district, as follows:

That Dennis Crawford, Chairman, of the Board of Commissioners and is hereby authorized, empowered and directed to execute and deliver, on behalf of the district, thereby binding the District to, a contract for the sale of water to the Tri-village Water district at the rate of \$1.66 per thousand gallons, to a point of delivery at metering station near Wheatley, Kentucky, for a term of 20 years with automatic one-year extensions terminable by either party upon one year's prior notice, and containing other customary and prudent terms and provisions, which contract is hereby approved.

Adopted this 14<sup>th</sup> day of SEPT., 2000.

  
Chairman, Board of Commissioners of  
Carroll County Water District #1

ATTEST

  
Secretary, Carroll County Water District #1

## TRI-VILLAGE WATER DISTRICT

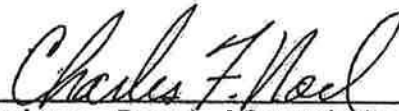
RESOLUTION

A Resolution related to contracting for the Sale of Water to Tri-Village Water District, approving same and authorizing the Chairman of the Board of Commissioners to execute and deliver a contract evidencing same.

Be it resolved by the Commissioners of the Tri-Village Water District, as follows:

That Charles Noel, Chairman of the Board of Commissioners and is hereby authorized, empowered and directed to execute and deliver, on behalf of the District, thereby binding the District to, a contract for the sale of water to the Tri-Village Water District at the rate of (INSERT RATE)per thousand gallons, to a point of delivery at (INSERT LOCATION), Kentucky, for a term of 20 years with automatic one-year extensions terminable by either party upon one year's prior notice, and containing other customary and prudent terms and provisions, which contract is hereby approved.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2000.



Chairman, Board of Commissioners of  
Tri-Village Water District

A True Copy: ATTEST



Secretary, Tri-Village Water District

**TRI-VILLAGE WATER DISTRICT****RESOLUTION**

A resolution related to contracting for the sale of water to Tri-Village Water District, approving same and authorizing the Chairman of the Board of Commissioners to execute and deliver a contract evidencing the same.

Be it resolved by the Commissioners of the Tri-Village Water District, as follows:


That Charles Noel, Chairman of the Board of Commissioners is hereby authorized, empowered and directed to execute and deliver, on behalf of the District thereby binding the District to, a contract for the sale of water to the Tri-Village Water District at the rate of \$1.66 per 1000 gallons, to a point of delivery at Wheatley, Kentucky, Highway 227, for a term of 20 years with automatic one-year extensions terminable by either party upon one year's prior notice, and containing other customary and prudent terms and provisions, which contract is hereby approved.

Adopted this 13<sup>th</sup> day of September, 2000



Chairman, Board of Commissioners of  
Tri-Village Water District

A True Copy:      ATTEST



Secretary, Tri-Village Water District

WATER PURCHASE AGREEMENT

This Contract, made and entered into this 10 day of October, 2000, by and between the Gallatin County Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Denny French, party of the first part, Seller, and the Tri-Village Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Charles F. Noel, party of the second part, Buyer.

WITNESSETH:

Whereas, the parties hereto are each special districts formed under KRS Chapter 74 for the purposes of constructing and operating water supply distribution systems serving water users within their respective areas of jurisdiction, and

Whereas, Buyer requires additional supplies of potable treated water in order to adequately fulfill its obligations to its users in the City of Glencoe and has requested that same be supplied to it by Sellers, and

Whereas, Seller owns and operates a water supply distribution system capable of serving its present customers and the estimated number of Buyer's users to be served by the gallonage proposed to be sold to Buyer hereunder (currently being 266), and

Whereas, Seller deems it in the best interests of itself and its users that it profitably dispose of its excess capacity as herein proposed, and

Whereas, both parties hereto have approved the sale and purchase of water in accordance with the terms and conditions contained herein by Resolutions duly adopted by their respective commissioners.

Now Therefore, for and in consideration of the foregoing premises and the mutual agreements and undertakings hereinafter set forth, the parties promise and agrees as follows:

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

JAN 01 2001

1. Seller agrees to furnish and supply to Buyer, at the point of delivery hereinafter specified, during the term of this agreement or any renewal or extension thereof, potable treated water meeting applicable state and federal purity and quality standards in such quantity as may be required by the Purchaser not to exceed 1.5 million gallons per month.

PURSUANT TO 807 KAR 50.11, SECTION 9 (1) BY STEPHEN B. BULL SECRETARY OF THE COMMISSION

2. Said water will be furnished at a reasonably constant pressure calculated at 30 or greater PSI from a 6 inch main supply at a point located at west side of U.S. Hwy. 127, just south of Clarence Sullivan property at city limits of Glencoe, Kentucky. If a greater pressure than that normally available at the point of delivery is required by the

Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. Seller agrees to furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but no more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 3 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on First Working day of Month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. Seller agrees to furnish the Purchaser not later than the fifteenth day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

5. Purchaser agrees to pay the Seller, not later than the tenth day of each month, for water delivered in accordance with the following schedule of rates:

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

One Dollar and forty cents (\$1.40) per thousand gallons, unless and until modified by mutual agreement of the parties or by order of the Public Service Commission or any successor agency thereof.

JAN 01 2001

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

6. Purchaser agrees to pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser in a sum equal to one-half (1/2) the cost of installation and acquisition of the metering equipment, not to exceed the sum of \$2,000.00.

BY: *Stephan B...*  
SECRETARY OF THE COMMISSION

7. It is further mutually agreed between the Seller and the Purchaser as follows:

A. (Term of Contract) That this contract shall extend for a term of 20 years from the date of initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter shall be extended or renewed for successive one year terms, unless terminated by either party upon written notice delivered not less than 120 days next preceding the expiration of the term of the contract or any extension or renewal thereof. Upon breach of this



contract by failure to perform, misrepresentation or other cause, the non-breaching party may terminate this contract upon thirty (30) days prior written notice to the breaching party, unless the breaching party wholly cures its breach within that 30 day notice period.

B. (Delivery of Water) That 30 days prior to the estimated date of initial delivery of water, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

C. Purchaser shall have the right, at all reasonable times, to conduct testing of Seller's water quality at the master meter.

D. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities and quality of water required by the Purchaser. Temporary or Partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

E. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at any time upon mutual agreement of the parties, or upon application to and approval of the Public Service Commission, or any agency successor thereto. No rate increase shall become effective prior to the date 180 days subsequent to the date Seller gives notice to Purchaser of its intent to raise the rate charged to Purchaser.

In the event that compliance with action by regulatory authority causes Seller to increase its rate to its customers in order to meet resulting increased costs, the rates charged to Purchaser shall be subject to increase in the same percentage as that borne by Seller's other users, the Seller's rate structure being based solely upon quantity of use. In the event that rate classifications are subsequently developed by Seller, Purchaser shall be given the wholesale rate or its equivalent.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

Provisions of this contract may be modified or altered by mutual agreement.

JAN 01 2001

F. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State including those promulgated, implemented and enforced by the Public Service Commission and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: *Stephan D. Bee*  
SECRETARY OF THE COMMISSION

The parties' respective rights and duties hereunder are contingent upon all necessary approvals from the Kentucky Public Service Commission, or its successor agency.

G. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights and duties of the Purchaser hereunder.

H. This Contract shall be binding on the successors and assigns of the parties hereto.

I. Seller represents that it is not subject to, any local, state or federal regulatory notices, actions, or other enforcement pertaining to Seller's potable water system.

J. Seller represents that it has the sufficient treatment, pumping, storage, and all other system capacity to serve Purchaser in accordance with the terms of this contract. Provided, however, the parties know and understand that seller does not have capacity to, and will not, provide sufficient water quantity for fire protection purposes.

In witness whereof, the parties have hereunto affixed their signatures.

SELLER

Gallatin County Water District

BY: *Denny French*  
Denny French, Chairman

BUYER

Tri-Village Water District

BY: *Charles F. Noel*  
Charles F. Noel, Chairman

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001

PURSUANT TO 807 KAR 5011,  
SECTION 3 (1)

BY: *Stephen D. Bell*  
SECRETARY OF THE COMMISSION

COMMONWEALTH OF KENTUCKY)  
COUNTY OF Gallatin )

Signed and acknowledged before me by Denny French and Charles F. Noel on  
this the 10<sup>th</sup> day of October, 2000.

My commission expires: 8-4-2001

Cindy J. Lyons  
Notary Public, State at Large, Ky.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

BY: Stephan D. Bell  
SECRETARY OF THE COMMISSION

**WATER PURCHASE AGREEMENT**

THIS AGREEMENT is made and entered into this the 29<sup>th</sup> day of July, 2014, by and between KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation with offices at 2300 Richmond Road, Lexington, Kentucky 40502 (“KAW”) and the CITY OF PARIS, 525 High Street, Paris, Kentucky 40361 (“Paris”).

W I T N E S S E T H:

WHEREAS, KAW desires to purchase a supply of potable water from Paris in order to adequately fulfill KAW’s obligations to: KAW’s customers in the City of Millersburg; the Harrison County Water Association; and the Nicholas County Water District, and has requested Paris to provide that supply of potable water;

WHEREAS Paris owns and operates a water supply treatment, transmission and distribution system capable of meeting the potable water requirements of its own customers, the estimated number of KAW’s customers in the City of Millersburg, and KAW’s obligations to the Harrison County Water Association and the Nicholas County Water District; and

WHEREAS Paris desires to sell KAW potable water per the terms of this Agreement for use by KAW as described above.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

- From and after the 10<sup>th</sup> day of August 2014, KAW shall have the right to purchase from Paris, and Paris shall be obligated to sell to KAW, an amount of potable water not to exceed a daily average of 200,000 gallons per calendar month to meet reasonable requirements of the following KAW customers: (a) water customers in the City of Millersburg; (b) Harrison County Water Association; and (c) Nicholas County Water District. Paris hereby agrees

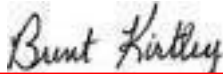
<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE <b>9/5/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

that it is capable of supplying KAW with an amount of potable water necessary to meet those requirements. Paris shall furnish potable water to KAW at the point of delivery hereinafter specified which shall meet all applicable state, federal and/or other regulatory standards.

2. Delivery of the water purchased by KAW and sold by Paris shall be delivered at a point along Millersburg Road (U.S. 68) approximately 845 feet south of the intersection of Millersburg Road and Old U.S. Highway 68, which is approximately 1.31 miles south of the City of Millersburg at a reasonably constant pressure under normal operating conditions. Paris shall not be responsible for the quality of water purchased by KAW past this point of actual delivery.

3. KAW agrees to install at its own expense at the point of delivery all necessary metering equipment and related required devices for the City to properly measure the quantity of water delivered to KAW. As of the date identified in Paragraph 1 above, ownership in the metering equipment shall be transferred to Paris at no cost to Paris and Paris shall operate and maintain at its own expense the metering equipment. A meter registering not more than two percent above or below the actual flow shall be deemed to be accurate. KAW shall have access to meter for monitoring volumes of water purchased. KAW agrees to construct at its own expense approximately 780 feet of 6-inch diameter line to connect Paris' existing distribution system to the distribution system serving customers in the City of Millersburg.

4. KAW shall pay for the quantity of water purchased by it and sold by Paris at the initial rate of \$2.25 per 1,000 gallons under the first 18 months of this Agreement and thereafter as may change from time to time and as set forth by Paris city ordinance and accepted by the Public Service Commission. Paris shall read the meter on or about the 20<sup>th</sup> day of each month and provide an invoice to KAW on or about the 1<sup>st</sup> day of the following month. KAW shall pay

<b>KENTUCKY</b> <b>PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN</b> <b>EXECUTIVE DIRECTOR</b>
TARIFF BRANCH 
EFFECTIVE <b>9/5/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

for the quantity of water purchased no later than the 15<sup>th</sup> day of the month. Payment may be made by check or by the transfer of electronic funds

5. KAW agrees to continue with the ongoing leak detection services and surveys project for the entire water transmission and distribution system of Paris until that project is complete at no cost to Paris. Paris shall be responsible for costs in repairing municipal facilities associated with line loss.

6. In the event any type of water curtailment practice, procedure, regulation or law is utilized by Paris or is imposed upon Paris, KAW agrees to abide by all recommendations of Paris and to use reasonable efforts to restrict use by customers in the City of Millersburg in a fashion similar to that which is utilized by Paris or imposed on Paris. Paris may only reduce the amount of water available for purchase by KAW in the same ratio or proportion as such is reduced to other Paris customers.

7. Paris shall operate and maintain its water supply system in accordance with all applicable laws, rules and regulations and will take such action as necessary to furnish KAW with the quantity of water set forth in this Agreement. Temporary or partial failures to deliver water shall be remedied with all possible dispatch.

8. In the event all or any part of the waterworks plant and facilities of Paris which are used in meeting its obligations under this Agreement are acquired by a municipal corporation or any other entity, then and in that event Paris shall be relieved of all of its obligations hereunder and, in such event, this Agreement shall be binding upon the municipality or any other entity making such acquisition.

9. This Agreement shall terminate when: (1) the connection between the northeast portion of KAW's distribution system and the southwest portion of Paris' distribution system is

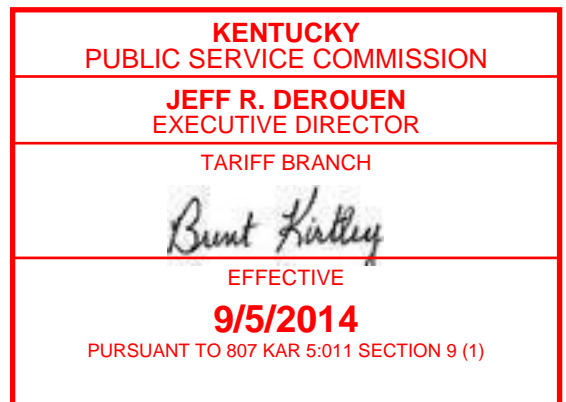
<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DERQUEN EXECUTIVE DIRECTOR</b>
<b>TARIFF BRANCH</b> <i>Brent Kirtley</i>
<b>EFFECTIVE 9/5/2014</b>
<b>PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</b>

complete and operating sufficiently such that the requirements of KAW's customers in the City of Millersburg can be met by using that connection in conjunction with the connection described in Paragraph 3 above; and (2) a binding contract between KAW and Paris has been executed and all necessary approvals have been obtained, regulatory or otherwise, the contract having the dual purposes of: (a) providing an emergency interconnection between KAW's distribution system and Paris' distribution system so that KAW can sell water to Paris in the event of a Paris emergency; and (b) KAW's use of Paris' transmission and distribution system so that potable water can be provided to KAW's customers in the City of Millersburg without the need for KAW to purchase water from Paris.

10. The Parties agree to file jointly a copy of this executed contract with the Public Service Commission of Kentucky.


11. This agreement constitutes the entire agreement of the parties and all prior conversations and writings are merged herein.

12. This Agreement shall be construed according to the laws of the Commonwealth of Kentucky.

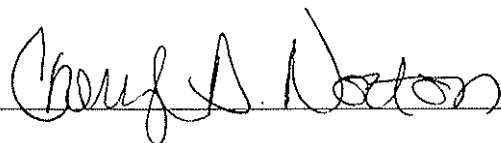


This Agreement has been executed by the parties hereto, by their appropriate authorized representatives, on this the 4<sup>th</sup> day of August, 2014.

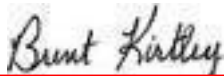
CITY OF PARIS, KENTUCKY

BY:   
\_\_\_\_\_  
Mayor, City of Paris

KENTUCKY-AMERICAN WATER COMPANY

BY:   
\_\_\_\_\_

010311.149023/4242734.6

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH 
EFFECTIVE <b>9/5/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)



WINCHESTER MUNICIPAL UTILITIES COMMISSION  
and  
KENTUCKY AMERICAN WATER COMPANY

WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT (herein after referred to as "Agreement"), made and entered into this 15<sup>th</sup> day of JUNE, 2001, by and between the **WINCHESTER MUNICIPAL UTILITIES COMMISSION** (hereinafter referred to as "WMU"), and **KENTUCKY AMERICAN WATER COMPANY** (hereinafter referred to as "KAWC");

**WITNESSETH:**

**WHEREAS**, WMU has in operation a water treatment, transmission and distribution system supplying water to customers both within and without the corporate limits of the City of Winchester, and

**WHEREAS**, by contract dated October 13, 1981 the Boonesboro Water Association heretofore agreed to purchase water from WMU for the purpose of supplying its customers in southeastern and western Clark County, and

**WHEREAS**, by purchase of the assets of the Boonesboro Water Association in 1997, the obligations of Boonesboro Water Association in the contract between WMU and Boonesboro Water Association were assumed by KAWC, and

**WHEREAS**, KAWC has continued to purchase water from WMU since the acquisition of the assets of Boonesboro Water Association for the purpose of supplying all of its Clark County Customers, and



WHEREAS, KAWC has advised WMU of its desire to continue purchasing water from WMU as a cost-effective means of serving only a portion of its Clark County customers, and

WHEREAS, WMU desires to sell KAWC potable water per the terms of this new Agreement;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements hereinbelow contained, the parties agree and bind themselves as follows:

1. **Termination of Prior Agreement.** The Water Purchase Agreement heretofore entered into by and between the parties and dated October 13, 1981, will terminate according to its terms on October 13, 2001.

2. **WMU to be Exclusive Supplier.** KAWC herewith agrees to purchase all of its water requirements for the area defined by this Agreement from WMU during the term of this Agreement, subject to the maximum provided for in Paragraph 6 below, and WMU shall be KAWC's exclusive supplier for the area defined by this Agreement.

3. **KAWC Territory.** KAWC has and shall retain the right to provide water service to all of those areas of southeastern Clark County as marked on the map attached hereto as Exhibit "A" and identified as "KAWC Service Territory", and the description attached hereto as Exhibit "B". Should there be any discrepancy between the map and the engineer's description, the engineer's description (Exhibit "B") shall control. With respect to this defined Service Territory, KAWC agrees that it will not extend or expand its service beyond this defined Service Territory using water purchased from WMU under this Agreement.



**4. Effective Date and Term of Agreement.** This Agreement shall become effective October 13, 2001 and shall remain in force and effect for a period of twenty (20) years thereafter; provided, however, that KAWC shall have the right to renew and extend this Agreement for an additional period of twenty (20) years if it so desires, upon written notice to WMU at least two (2) years prior the expiration of the first twenty-year term.

**5. Quantity of Water to be Supplied.** WMU hereby agrees to sell and deliver to KAWC up to 60,000 gallons per day as a peak day capacity allocation.

**6. Request for Additional Capacity.** WMU and KAWC hereby acknowledge and agree that the quantity of water allocated in Paragraph 6 of this Agreement was determined by KAWC and agreed upon by WMU. Both parties agree that in the future should KAWC require an additional quantity of water to serve growth, a request will be made in writing to WMU and that WMU will consider the request through the normal business routine as WMU would consider for approval a request for capacity from any customer. Increases in the quantity of water to be supplied to KAWC, upon approval by WMU in the normal course of business, will be noted in the meeting minutes of the WMU Commission and will be appended to this Agreement.

**7. Compensation.** KAWC shall compensate WMU for water furnished under this Agreement at the then current cost of service volumetric rate as approved by the Winchester Municipal Utilities Commission and as ordained by the City of Winchester Board of Commissioners, the current schedule of rates being attached to this Agreement as Exhibit "C". The rate shall reflect the cost of providing service and shall



be subject to increase or decrease by the city of Winchester in its reasonable discretion from time to time and subject to the jurisdiction of the Kentucky Public Service Commission if applicable under Kentucky law.

KAWC agrees that should the peak day capacity allocated in Paragraph 6 of this Agreement be exceeded on any singular day, KAWC will pay WMU a surcharge of 25% of the rate then in effect for the entire quantity above the peak day capacity allocation payable with the regular monthly bill.

**8. Metering.** Water delivered to KAWC by WMU shall be measured by two master meters to be placed at a location agreed upon between the parties. The meters shall be owned and maintained by WMU. The meters shall be examined and tested at least once every <sup>four (4)</sup>~~five (5)~~ years. KAWC shall have the right to test the meters upon seven (7) days written notice to WMU. A replacement meter(s) shall be provided by WMU during all testing. In the event a test shows that the meter(s) is not accurate, it shall be repaired or replaced by WMU so as to render it accurate within a range of 98.5% to 101.5%, and an adjustment shall be made to the charges based upon test results and upon the average monthly charges during the preceding three (3) month period.

*JAR*  
*Vonon*  
*11-9-01*  
*HAM*  
*11-14-01*  
*11-15-01*

For billing purposes related to surcharges, the master meter will be read each day by WMU. WMU will notify KAWC within one business day each time that the peak day capacity allocation has been exceeded. Billing will be based on a monthly frequency and shall include any surcharges for exceeding peak day capacity incurred during the billing period.



**9. Terms and Conditions of Service.** Subject to the provisions of this Agreement, KAWC hereby agrees and binds itself to abide by all ordinances, rules and regulations of the city of Winchester and WMU as may be applicable to other WMU customers; to pay all charges and delinquent penalties, if any; to be subject to termination for nonpayment of charges; and otherwise to receive the water service in the same manner and under the same terms and conditions as other customers of WMU.

**10. Limits of Obligations and Liabilities of WMU.** WMU hereby agrees to supply and deliver the quantity of water to KAWC as herein set forth, and WMU expressly limits and restricts the providing of such service with the understanding that WMU shall only be required to use reasonable attention, care and diligence in the operation and maintenance of its system to prevent and avoid any unnecessary interruptions and fluctuations in the supply of water. WMU does not represent or guarantee that interruptions or fluctuations will not happen or occur, and due to conditions which may be brought about or emergencies which may be caused by breaks, leaks, defects, repairs, extensions, enlargements, or demands upon the system, or by fire, floods, strikes, acts of God, or other unforeseen causes. There may be times and occasions when the quantity or supply of water may be diminished or interrupted, and there shall be no obligation or requirement upon WMU to deliver or provide the water to be supplied at any specific pressure or flow other than the laws and regulations of the Division of Water. KAWC hereby agrees to hold WMU harmless from



any and all liability incurred as a result of WMU's furnishing, or its reasonable failure to furnish, any particular quantity or pressure of water under the Agreement.

**11. Water Shortages.** It is agreed, that in cases of shortage of supply, all customers and users of both WMU and KAWC shall share the shortage proportionately and WMU will not discriminate against KAWC under such circumstances. In such cases of shortage, KAWC agrees to the terms and conditions of the WMU Emergency Water Conservation Program in addition to any other curtailment or restriction that KAWC may desire to implement.

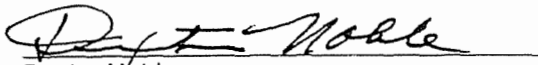
**12. Restriction Against Resale of Water by KAWC.** KAWC shall not resell any water provided it under this Agreement outside the limits of the territory as described on Exhibits A and B attached.

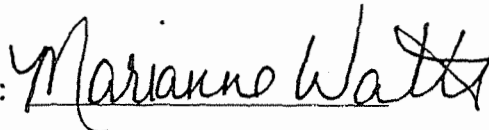
**13. Parties Bound.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld; provided, however, in all events, each and every provision of this Agreement shall be binding upon a successor-in-interest who shall be exclusively responsible for the performance of the terms of this Agreement to be performed by either party hereunder.



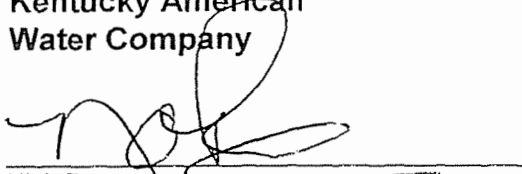
IN TESTIMONY WHEREOF, this Agreement has been executed by the appropriately authorized representatives of the parties, to take effect on the day and year first above written.

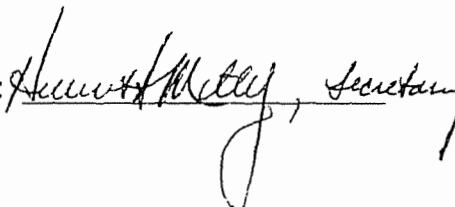
**Winchester Municipal  
Utilities Commission**

  
Dexter Noble  
Chairman

Attest: 

**Kentucky American  
Water Company**

  
Nick Rowe  
Vice President

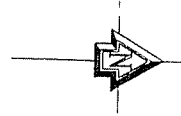
Attest:  Secretary

TARIFF BRANCH  
**RECEIVED**  
5/29/2008  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY

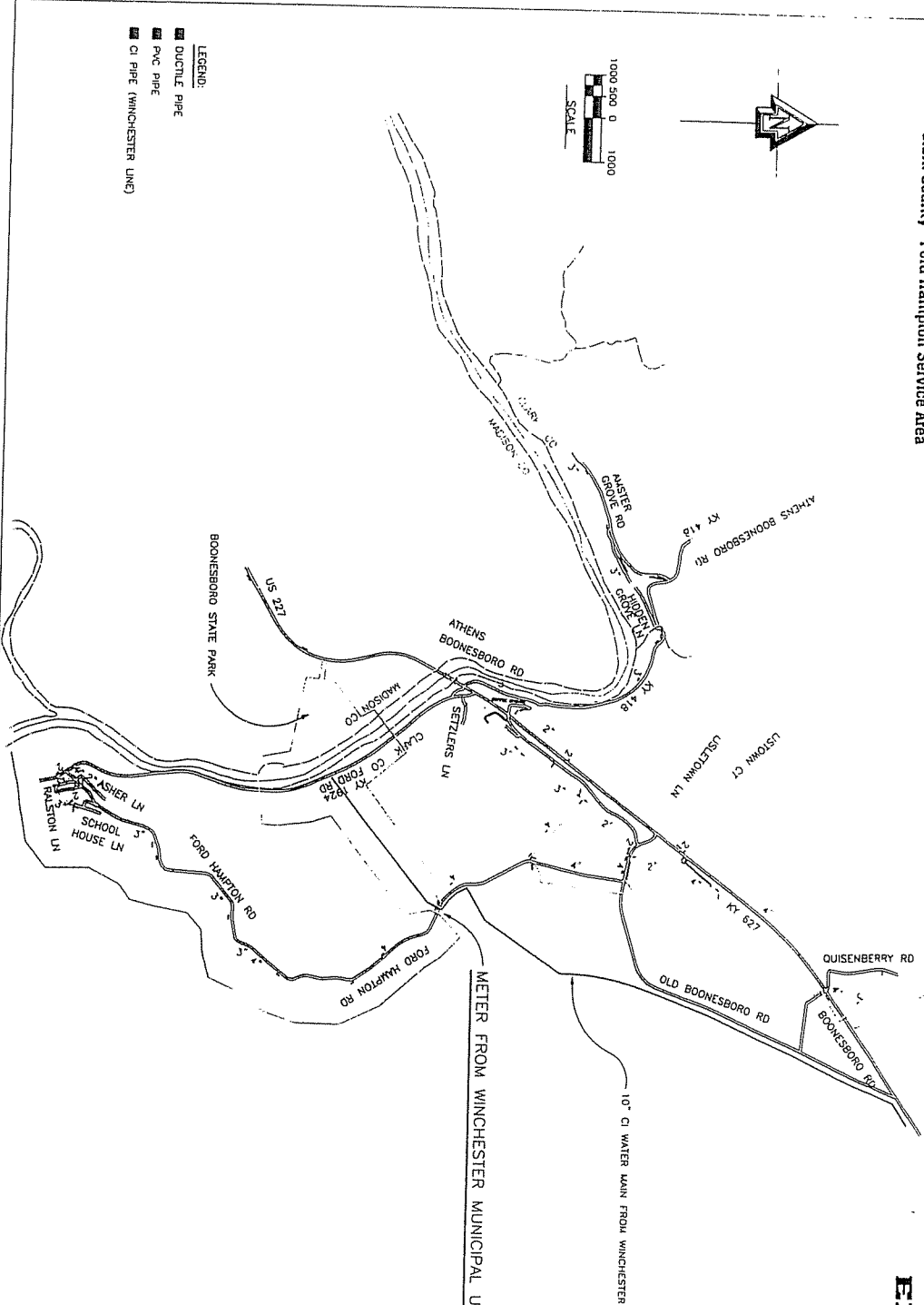


Kentucky-American Water Company

Clark County - Ford Hampton Service Area



- LEGEND:
- DUCTILE PIPE
  - PVC PIPE
  - CI PIPE (WINCHESTER LINE)



DATE : 4-24-01

TARIFF BRANCH  
**RECEIVED**  
 5/29/2008  
 PUBLIC SERVICE  
 COMMISSION  
 OF KENTUCKY



**EXHIBIT B**

The Kentucky American Water Company Service Territory, defined by drawing in Exhibit A, is defined in words as:

Beginning at a point on Amster Grove Road, 0.63 miles west of the intersection of KY 418, including properties fronting on Amster Grove Road and Hidden Grove Lane; and

Along KY 418 in a southwesterly direction from a point 0.24 miles northwest of the intersection of Amster Grove Road and KY 418 including properties fronting KY 418 to the intersection of KY 627; and

Along KY 627 in a northeasterly direction from the intersection of KY 1924 to the intersection of Quisenberry Lane, a distance of 2.01 miles, including properties fronting this reach of KY 627, and including properties fronting Coffee Springs Lane, Lisletown Lane, Lisletown Court, and Lisletown Trail, and including properties fronting Quisenberry Lane northwest of KY 627; And including properties fronting the northwest side of KY 627 a distance of 0.16 miles northeast from the intersection of Quisenberry Lane and KY 627. Excluded from this territory are 464 (Ballard) and 607 (Quisenberry) Quisenberry Lane and properties fronting Quisenberry Lane southeast of KY 627, including the Brenda Faye Harris and James Hunter Davis properties; and

Along Old Boonesboro Road, from the intersection of KY 627, this intersection being 0.19 miles north of the Kentucky River Bridge, to the intersection of the Ford Hampton Road, including all properties fronting this reach of Old Boonesboro Road; Included in this reach will be properties up to and including 7569 and 7522 Old Boonesboro Road and properties fronting the reach of Old Boonesboro Road from the intersection of KY 627 to the intersection of the Ford Hampton Road, said intersection being 0.99 miles from the Kentucky River Bridge; Excluded from this territory are 7466 and 7453 Old Boonesboro Road and all properties east and northeast of 7466 and 7453 Old Boonesboro Road.

Along the Ford Hampton Road, from the intersection of the Old Boonesboro Road to KY 1924, all properties fronting the Ford Hampton Road excluding the 520 Ford Hampton Rd (Horsemen), 1163 Ford Hampton Rd (Nickels), 7805 Old Boonesboro Rd (Shearer), 1297 Ford Hampton Rd (Fields), and 405 Nick Lane (Moore) properties; and

All properties fronting Asher Lane, School House Lane, and Ralston Lane; and

All properties fronting KY 1924 from the intersection of the Ford Hampton Road to the intersection of KY 627 excluding those properties fronting KY 1924 between and including 1501 Ford Road (KY1924, Davis Boat Dock and



Restaurant) to 700 Ford Road (KY 1924, Bananas Restaurant), a distance of 0.72 miles.

All existing customers of either Kentucky American Water Company or Winchester Municipal Utilities or customers created as the result of any subdivision of the properties as defined in this agreement will remain customers of that utility unless transfer is by mutual agreement of both Kentucky American Water Company and Winchester Municipal Utilities.



### Attachment C: Schedule of Rates

Cubic Feet Consumed	Rate Expressed in Dollars per 100 Cubic Foot Usage			
	Current Rates	Effective June 1, 2001	Effective June 1, 2002	Effective June 1, 2003
First 100	\$4.06	\$4.27	\$4.32	\$4.37
Next 400	\$3.01	\$3.17	\$3.21	\$3.24
Next 1,500	\$2.82	\$2.96	\$3.00	\$3.03
Next 15,000	\$2.68	\$2.82	\$2.86	\$2.88
Next 333,000	\$2.04	\$2.14	\$2.16	\$2.19
Over 350,000	\$1.44	\$1.51	\$1.53	\$1.54

**Notes:**

Rates shown are as approved by the WMU and City Commissions, December 1999. Rates are subject to increase or decrease in the reasonable discretion of the City of Winchester from time to time and subject to the jurisdiction of the Kentucky Public Service Commission if applicable under Kentucky law.






TARIFF BRANCH  
**RECEIVED**  
5/29/2008  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY

WINCHESTER MUNICIPAL UTILITIES COMMISSION  
and  
KENTUCKY AMERICAN WATER COMPANY

AMENDMENT TO WATER PURCHASE AGREEMENT

This Amendment to Water Purchase Agreement made and entered into this 17<sup>th</sup> day of ~~October~~ <sup>April</sup>, ~~2002~~ <sup>2003</sup>, by and between  WINCHESTER MUNICIPAL UTILITIES COMMISSION (hereinafter referred to as "WMU") and KENTUCKY AMERICAN WATER COMPANY (hereinafter referred to as "KAWC"),

WITNESSETH


WHEREAS, the parties have heretofore entered into a Water Purchase Agreement dated June 1, 2001 (hereinafter "Agreement"), and

WHEREAS, paragraph 5 of the Agreement specifies the quantity of water to be supplied and paragraph 12 of the Agreement specifies restriction against resale of water, and

WHEREAS, the parties are desirous of amending paragraphs 5 and 12,

NOW THEREFORE, the parties agree to amend the Agreement as follows:

1. Paragraph 5 of the Agreement is amended to provide as follows:

5. **Quantity of Water to be Supplied.** WMU hereby agrees to sell and deliver to KAWC up to 60,000 gallons per day as a peak day capacity allocation. In addition, due to the extension of service to East Clark County Water  seven residential customers in the Ford area, KAWC's peak daily

AUG 30 2003

PURSUANT TO 807 KAR 5.011  
SECTION 9 (1)

BY   
EXECUTIVE DIRECTOR

capacity allocation is increased to 62,100 gallons per day.

2. Paragraph 12 of the Agreement is amended to provide as follows:

12. Restriction Against Resale of Water by KAWC.

KAWC shall not resell any water provided it under this Agreement outside the limits of the territory as described on Exhibits A and B attached; notwithstanding this restriction, KAWC may resell water to East Clark County Water District from the connection near the old power station at Ford, Kentucky, for provision of water to seven residential customers. Terms and conditions of such sale shall be at a rate negotiated by KAWC and East Clark County Water District. Payment of tap or other administrative fees, charges or tariffs shall be as approved by the Public Service Commission.

3. In all other respects, the Agreement shall remain in full force and effect as previously adopted.

WINCHESTER MUNICIPAL UTILITIES COMMISSION

BY Dexter Noble  
Dexter Noble, Chairman

ATTEST:

Randa C. Wells

KENTUCKY AMERICAN WATER COMPANY

BY Nick Rowe  
Nick Rowe, Vice President

ATTEST:

Shirley M. Kelly, Secretary

WINCHESTER MUNICIPAL UTILITIES COMMISSION  
APPROVED 4-17-03

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

AUG 30 2003

PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

BY Charles L. Dyer  
EXECUTIVE DIRECTOR

WINCHESTER MUNICIPAL UTILITIES COMMISSION  
and  
KENTUCKY-AMERICAN WATER COMPANY

SECOND AMENDMENT TO WATER PURCHASE AGREEMENT

This Second Amendment to Water Purchase Agreement made and entered into this 17<sup>th</sup> day of OCTOBER 2013, by and between WINCHESTER MUNICIPAL UTILITIES COMMISSION (hereinafter referred to as "WMU") and KENTUCKY-AMERICAN WATER COMPANY (hereinafter referred to as "KAWC"),

WITNESSETH

WHEREAS, the parties have heretofore entered into a Water Purchase Agreement dated June 1, 2001 for the provision of water services by WMU to KAWC (hereinafter "Water Purchase Agreement"), and

WHEREAS, the parties agreed to amend the Water Purchase Agreement by an Amendment to Water Purchase Agreement dated April 17, 2003 (hereinafter "Amended Agreement"), and

WHEREAS, Exhibit "A" and Exhibit "B" collectively define the KWAC Service Territory for purposes of the Amended Agreement, and

WHEREAS paragraph 4 of the Amended Agreement specifies the effective date and term of the Agreement, and

WHEREAS, the parties are desirous of amending Exhibit "A" to the Amended Agreement to allow WMU to serve properties fronting Lisletown Lane, Lisletown Court, and Lisletown Trail , which properties have heretofore been part of the KAWC Service Territory for purposes of the Water Purchase Agreement and the Amended Agreement, and





WHEREAS, the parties further desire to amend the Water Purchase Agreement and the Amended Agreement to provide different terms of termination,

NOW THEREFORE, the parties agree to amend the Water Purchase Agreement and the Amended Agreement as follows:

1. Exhibit "A" to the Amended Agreement is modified solely to reflect that the KAWC Service Territory shall not include those properties fronting Lisletown Lane, Lisletown Court, and Lisletown Trail, in Clark County, Kentucky and the WMU Service Territory shall include such properties. Exhibit "A" to the Amended agreement is amended so as to exclude those properties shown on Exhibit "A-1" hereto which exhibit identifies properties fronting on Lisletown Lane, Lisletown Court, and Lisletown Trail which hereafter may be served by WMU. Except as so modified all other territories shown on Exhibit's A and B of the Water Purchase Agreement and Amended Agreement shall remain in full force and effect and shall be served by WMU and KAWC in accord with the terms and provisions of said agreements and this agreement.

2. The effective date, term and termination rights of the Water Purchase Agreement and as set forth in paragraph 4 of the Amended Agreement is amended to provide as follows:

4. **Effective Date, Term of Agreement, and Termination Rights.** This Agreement shall become effective October 13, 2001 and shall remain in force and effect for a period of twenty (20) years thereafter; provided, however, that KAWC shall have the right to renew and extend this Agreement for an additional period of twenty (20) years if it so desires, upon written notice to WMU at least two (2) years prior to the expiration of the first twenty-year term. Notwithstanding the foregoing and any other term of the Water Purchase Agreement and Amended Agreement, KAWC shall have the right to terminate the agreement upon two (2) years





written notice to WMU and WMU shall have the right to terminate the agreement upon four (4) years written notice to KAWC.

3. In all other respects, the Amended Agreement shall remain in full force and effect as previously adopted.

WINCHESTER MUNICIPAL  
UTILITIES COMMISSION

By Michael S. Anderson  
Mike Anderson, Chairman

ATTEST:

Michael J. Zep

KENTUCKY-AMERICAN  
WATER COMPANY

By Keith Carter

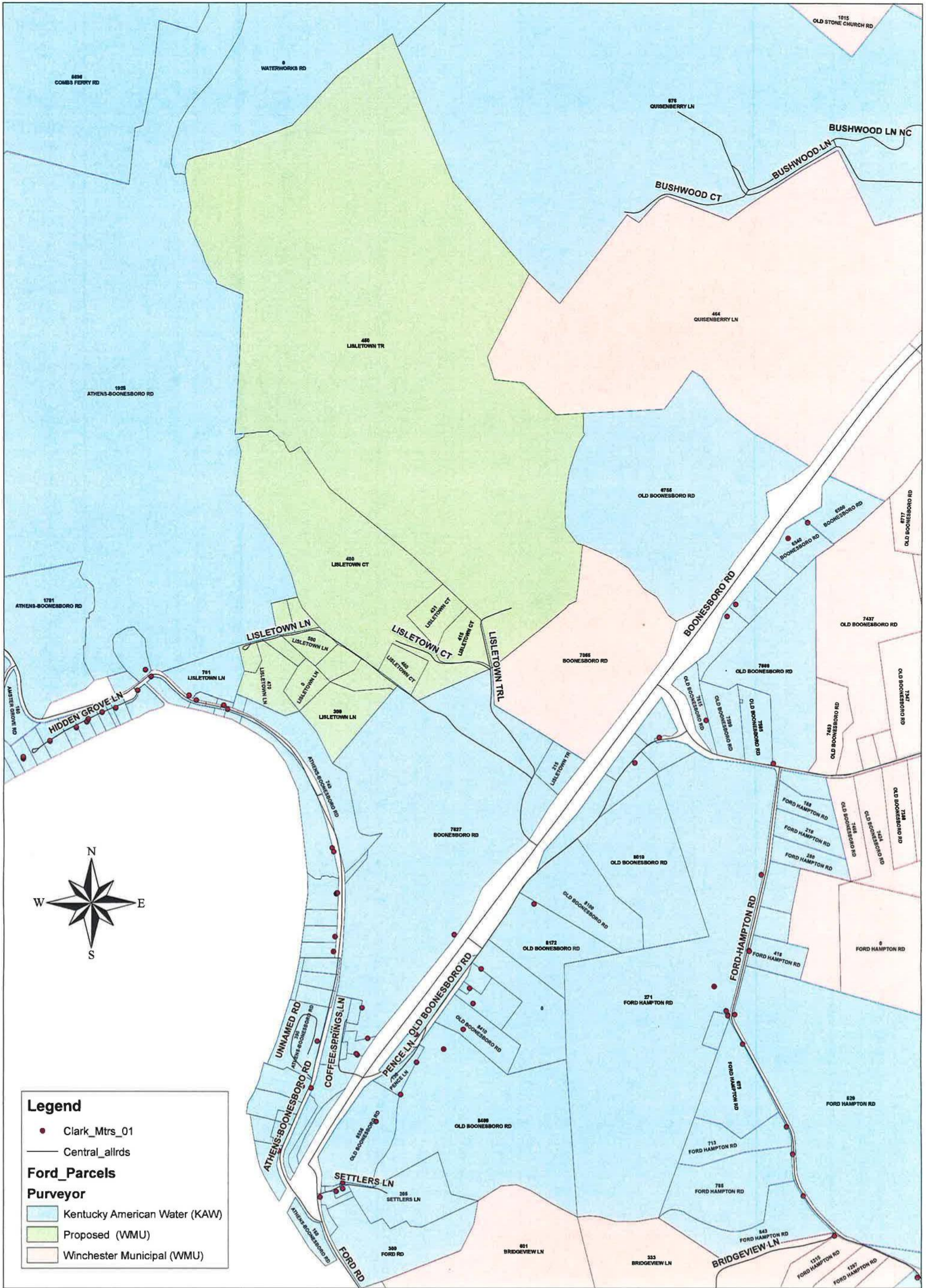
ATTEST:

[Signature]

WINCHESTER MUNICIPAL  
UTILITIES COMMISSION  
APPROVED 10-17-13







**Legend**

- Clark\_Mtrs\_01
- Central\_allrds

**Ford\_Parcels**

**Purveyor**

- Kentucky American Water (KAW)
- Proposed (WMU)
- Winchester Municipal (WMU)

0 330 660 1,320 1,980 2,640 Feet

**Lissetown Area**  
**FORD-HAMPTON AREA**  
EXHIBIT A-1

TARIFF BRANCH  
**RECEIVED**  
11/7/2013  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY



**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Kevin N. Rogers**

- 67.** Reference the Kentucky American Water application generally. Provide the percentage of non-revenue water in each of the past ten years, and as projected for the Base Period and the Test Period.

**Response:**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Non Revenue Water - %	12.7%	14.0%	14.4%	12.5%	12.7%

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Non Revenue Water - %	13.8%	13.4%	14.6%	15.8%	15.0%

	<b>Base Year</b>	<b>Test Year</b>
Non Revenue Water - %	15.4%	15.9%

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

**68.**      Reference the Kentucky American Water application generally. What is the Company's target for non-revenue water?

**Response:**

The water industry in general, as well as the American Water Works Association, holds a general aspirational goal of 15% for non-revenue water. Kentucky American has adopted this 15% as its actual goal.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 69.**     Reference the Kentucky American Water application generally. Regarding page 15, lines 6-13 of Ms. Bridwell's testimony, provide the underlying assumptions and calculations showing how the fuel and power adjustments were calculated. Include all supporting calculations in excel (if available). If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The fuel and power expense adjustments were calculated by determining the variance between the base year and the forecast year. The base year is comprised of 6 months of actual expense (May 2015 to October 2015) and 6 months of estimated expense from November 2015 to April 2016. The 2016 forecast calculation is attached. The 2016 forecast was calculated by starting with 2014 power bills and adding on additional expense for rate increases. The forecasted expense was then divided by 2014 system delivery to arrive at a cost per thousand gallons delivered. This cost per thousand gallons delivered is then multiplied by the 2016 forecasted system delivery to arrive at a 2016 forecasted power expense.

The forecast year is September 2016 to August 2017. The expense for 2017 was calculated by adding additional expense for 2016 & 2017 rate increases to the 2014 expense. The normalized expense is then divided by the 2014 system delivery to arrive at a cost per thousand gallons delivered. This cost per thousand gallons delivered is then multiplied by 2017 forecasted system delivery. The 2017 forecast calculation is attached.

The power adjustment is the variance between the base year and forecast year, mainly comprised of the variance in system delivery and also additional rate increases for Owen Electric Cooperative and KU. Please see workpaper 3-3 to see the amounts on a monthly basis.

Profit Center	E12		E12_Kentucky American											
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Current 2015 Budget	\$278,499	\$273,066	\$277,119	\$281,732	\$331,888	\$378,725	\$374,498	\$377,918	\$356,536	\$318,171	\$277,378	\$281,459	\$3,806,989	
<b>2016 Power budget</b>	<b>\$240,571</b>	<b>\$282,915</b>	<b>\$316,853</b>	<b>\$294,683</b>	<b>\$305,605</b>	<b>\$419,442</b>	<b>\$424,837</b>	<b>\$416,288</b>	<b>\$382,156</b>	<b>\$307,142</b>	<b>\$298,184</b>	<b>\$271,426</b>	<b>\$3,960,101</b>	
<b>2016 System Delivery</b>	1,006,375	985,554	1,082,791	1,019,581	1,167,326	1,245,397	1,371,683	1,287,288	1,152,026	1,153,542	993,202	1,051,359	13,516,124	
2014 Normalized Power With Global Adjustments per TGAL	0.232	0.283	0.293	0.286	0.260	0.335	0.308	0.322	0.329	0.267	0.299	0.261	0.291	
2014 Normalized Power With Global Adjustments	\$277,792	\$301,008	\$315,527	\$307,203	\$315,312	\$428,262	\$436,992	\$427,053	\$401,949	\$305,453	\$303,190	\$260,918	\$4,080,658	
<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$18,614</b>	<b>\$30,330</b>	<b>\$39,387</b>	<b>\$32,904</b>	<b>\$24,994</b>	<b>\$58,010</b>	<b>\$51,181</b>	<b>\$50,185</b>	<b>\$48,059</b>	<b>\$29,896</b>	<b>\$40,381</b>	<b>\$30,165</b>	<b>\$454,108</b>	
3.5% OWEN ELECTRIC COOPERATI	\$1	\$1	\$12	\$9	\$4	-\$2	\$2	\$1	\$4	\$2	\$1	\$4	\$40	
15.5% KU	\$16,922	\$27,930	\$37,034	\$31,118	\$24,330	\$55,247	\$48,369	\$47,486	\$45,806	\$28,095	\$38,976	\$28,379	\$429,693	
3.5% OWEN ELECTRIC COOPERATI	\$1,691	\$2,399	\$2,342	\$1,777	\$660	\$2,764	\$2,810	\$2,698	\$2,249	\$1,799	\$1,404	\$1,781	\$24,374	
2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>2014 BY VENDOR</b>	<b>\$259,178</b>	<b>\$270,678</b>	<b>\$276,139</b>	<b>\$274,299</b>	<b>\$290,318</b>	<b>\$370,253</b>	<b>\$385,811</b>	<b>\$376,868</b>	<b>\$353,890</b>	<b>\$275,556</b>	<b>\$262,808</b>	<b>\$230,754</b>	<b>\$3,626,550</b>	
OWEN ELECTRIC COOPERATI	\$29	\$24	\$329	\$267	\$117	-\$52	\$65	\$32	\$107	\$70	\$43	\$117	\$1,149	
KU	\$109,174	\$180,196	\$238,927	\$200,762	\$156,968	\$356,431	\$312,056	\$306,364	\$295,523	\$181,257	\$251,461	\$183,092	\$2,772,212	
OWEN ELECTRIC COOPERATI	\$48,326	\$68,543	\$66,923	\$50,761	\$18,857	\$78,985	\$80,282	\$77,074	\$64,264	\$51,405	\$40,100	\$50,893	\$696,414	
CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OTHER	\$101,648	\$21,915	-\$30,039	\$22,508	\$114,375	-\$65,112	-\$6,592	-\$6,603	-\$6,005	\$42,824	-\$28,796	-\$3,348	\$156,776	
<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.217</b>	<b>\$0.255</b>	<b>\$0.256</b>	<b>\$0.256</b>	<b>\$0.240</b>	<b>\$0.290</b>	<b>\$0.272</b>	<b>\$0.284</b>	<b>\$0.289</b>	<b>\$0.240</b>	<b>\$0.259</b>	<b>\$0.231</b>	<b>\$0.259</b>	
<b>2014 NET System Delivery</b>	1,197,066	1,062,925	1,077,177	1,073,543	1,210,616	1,277,143	1,417,979	1,326,707	1,223,124	1,145,862	1,014,640	999,459	14,026,241	
<b>Total Adjusted 2014 Power Expense for: E12_Kentucky American</b>	<b>\$259,178</b>	<b>\$270,678</b>	<b>\$276,139</b>	<b>\$274,299</b>	<b>\$290,318</b>	<b>\$370,253</b>	<b>\$385,811</b>	<b>\$376,868</b>	<b>\$353,890</b>	<b>\$275,556</b>	<b>\$262,808</b>	<b>\$230,754</b>	<b>\$3,626,550</b>	

Profit Center	E1202		E120252_CEN-Pool III WTP			
	January	February	March	April	May	June
Current 2015 Budget	\$60,451	\$56,144	\$60,451	\$59,015	\$60,451	\$82,297
<b>2016 Power budget</b>	<b>\$52,501</b>	<b>\$54,252</b>	<b>\$63,048</b>	<b>\$58,653</b>	<b>\$20,928</b>	<b>\$78,012</b>
<b>2016 System Delivery</b>	<b>192,003</b>	<b>188,031</b>	<b>206,583</b>	<b>194,523</b>	<b>222,711</b>	<b>237,605</b>
2014 Normalized Power With Global Adjustments per TGAL	0.27343952	0.2885	0.3052	0.3015	0.0940	0.3283
2014 Normalized Power With Global Adjustments	\$62,449	\$58,511	\$62,721	\$61,757	\$21,704	\$80,000
<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$1,691</b>	<b>\$2,399</b>	<b>\$2,342</b>	<b>\$1,777</b>	<b>\$660</b>	<b>\$2,764</b>
GLOBAL ASSUMPTIONS						
3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
15.5% KU	\$0	\$0	\$0	\$0	\$0	\$0
3.5% OWEN ELECTRIC COOPERATIVE	\$1,691	\$2,399	\$2,342	\$1,777	\$660	\$2,764
2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 BY VENDOR</b>	<b>\$60,758</b>	<b>\$56,112</b>	<b>\$60,378</b>	<b>\$59,980</b>	<b>\$21,044</b>	<b>\$77,235</b>
OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
KU	\$0	\$0	\$0	\$0	\$0	\$0
OWEN ELECTRIC COOPERATIVE	\$48,326	\$68,543	\$66,923	\$50,761	\$18,857	\$78,985
CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
OTHER	\$12,431	-\$12,431	-\$6,544	\$9,219	\$2,187	-\$1,750
<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.266</b>	<b>\$0.277</b>	<b>\$0.294</b>	<b>\$0.293</b>	<b>\$0.091</b>	<b>\$0.317</b>
<b>2014 NET System Delivery</b>	<b>228,383</b>	<b>202,791</b>	<b>205,510</b>	<b>204,817</b>	<b>230,969</b>	<b>243,661</b>

Total Adjusted 2014 Power Expense for: E120252_CEN-Pool III WTP		January	February	March	April	May	June
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE	\$48,326	\$68,543	\$66,923	\$50,761	\$18,857	\$78,985
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$12,431	-\$12,431	-\$6,544	\$9,219	\$2,187	-\$1,750
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	Account	Service	FACILITY	Vendor	1	2	3	4	5	6	
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	-\$17,000	-\$107,000	\$69,000	\$23,000	-\$35,000	\$40,000

2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6	
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE		65,326	175,543	(2,077)	27,761	53,857	38,985
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	-	
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual		12,431	(12,431)	(6,544)	9,219	2,187	(1,750)
120252	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	77,758	163,112	(8,622)	36,980	56,044	37,235
120252 Total	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	77,758	163,112	(8,622)	36,980	56,044	37,235

Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$84,348	\$84,348	\$59,015	\$60,451	\$59,015	\$60,451
<b>2016 Power budget</b>		<b>\$81,026</b>	<b>\$78,295</b>	<b>\$58,219</b>	<b>\$47,058</b>	<b>\$43,957</b>	<b>\$53,994</b>
<b>2016 System Delivery</b>		<b>261,699</b>	<b>245,598</b>	<b>219,792</b>	<b>220,081</b>	<b>189,490</b>	<b>200,586</b>
2014 Normalized Power With Global Adjustments per TGAL		0.3096	0.3188	0.2649	0.2138	0.2320	0.2692
2014 Normalized Power With Global Adjustments		\$83,761	\$80,692	\$61,812	\$46,744	\$44,905	\$51,328
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$2,810</b>	<b>\$2,698</b>	<b>\$2,249</b>	<b>\$1,799</b>	<b>\$1,404</b>	<b>\$1,781</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	15.5% KU	\$0	\$0	\$0	\$0	\$0	\$0
	3.5% OWEN ELECTRIC COOPERATIVE	\$2,810	\$2,698	\$2,249	\$1,799	\$1,404	\$1,781
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$80,951</b>	<b>\$77,995</b>	<b>\$59,563</b>	<b>\$44,945</b>	<b>\$43,502</b>	<b>\$49,547</b>
OWEN ELECTRIC COOPERATIVE INC		\$0	\$0	\$0	\$0	\$0	\$0
KU		\$0	\$0	\$0	\$0	\$0	\$0
OWEN ELECTRIC COOPERATIVE		\$80,282	\$77,074	\$64,264	\$51,405	\$40,100	\$50,893
CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
OTHER		\$669	\$920	-\$4,701	-\$6,460	\$3,402	-\$1,347
<b>2014 Normalized Power Cost per 1000 Gallons</b>		<b>\$0.299</b>	<b>\$0.308</b>	<b>\$0.255</b>	<b>\$0.206</b>	<b>\$0.225</b>	<b>\$0.260</b>
<b>2014 NET System Delivery</b>		<b>270,530</b>	<b>253,117</b>	<b>233,355</b>	<b>218,614</b>	<b>193,579</b>	<b>190,683</b>

Total Adjusted 2014 Power Expense for: E120252_CEN-Pool III WTP		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE	\$80,282	\$77,074	\$64,264	\$51,405	\$40,100	\$50,893
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$669	\$920	-\$4,701	-\$6,460	\$3,402	-\$1,347
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

Account	Service	FACILITY	Vendor	7	8	9	10	11	12	
-example 51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	\$8,000	\$10,000	-\$5,000		-\$5,000	-\$10,000

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12	
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE		72,282	67,074	69,264	51,405	45,100	60,893
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	(789)	
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual		669	920	(4,701)	(6,460)	3,402	(558)
120252	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	72,951	67,995	64,563	44,945	48,502	59,547
120252 Total	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	72,951	67,995	64,563	44,945	48,502	59,547



Profit Center	<u>E1202</u>	
		<b>TOTAL</b>
	Current 2015 Budget	\$786,438
	<b>2016 Power budget</b>	<b>\$689,943</b>
	<b>2016 System Delivery</b>	<b>2,578,702</b>

0.190786056

	2014 Normalized Power With Global Adjustments per TGAL	0.2677
	2014 Normalized Power With Global Adjustments	\$716,383
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$24,374</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0
	15.5% KU	\$0
	3.5% OWEN ELECTRIC COOPERATIVE	\$24,374
	2.0% CLARK ENERGY	\$0
	<b>2014 BY VENDOR</b>	<b>\$692,009</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$0
	OWEN ELECTRIC COOPERATIVE	\$696,414
	CLARK ENERGY	\$0
	OTHER	-\$4,405
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.259</b>
	<b>2014 NET System Delivery</b>	<b>2,676,009</b>

Total Adjusted 2014 Power Expense for: E120252_CEN-Pool III WTP		\$692,009
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$0
	OWEN ELECTRIC COOPERATIVE	\$696,414
	CLARK ENERGY	\$0
	OTHER	-\$4,405
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0
	OTHER	\$0

\$721,009      \$29,000

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	\$0
						-\$29,000
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0

\$0	
-\$29,000	February number inflated high by apparent accrual that hit in March. Corrected. Ir
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	725,414
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0 (789)
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	(3,616)
120252	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0 721,009
120252 Total	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0 721,009

Profit Center E1202

Current 2015 Budget  
**2016 Power budget**  
**2016 System Delivery**

980083.1373

2014 Normalized Power With Global Adjustments per TGAL  
 2014 Normalized Power With Global Adjustments  
**TOTAL GLOBAL ADJUSTMENT**

GLOBAL ASSUMPTIONS

3.5% OWEN ELECTRIC COOPERATIVE INC  
 15.5% KU  
 3.5% OWEN ELECTRIC COOPERATIVE  
 2.0% CLARK ENERGY

**2014 BY VENDOR**

OWEN ELECTRIC COOPERATIVE INC  
 KU  
 OWEN ELECTRIC COOPERATIVE  
 CLARK ENERGY  
 OTHER

**2014 Normalized Power Cost per 1000 Gallons**  
**2014 NET System Delivery**

Total Adjusted 2014 Power Expense for: E120252\_CEN-Pool III WTP

51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC KU OWEN ELECTRIC COOPERATIVE CLARK ENERGY OTHER
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER

**Historical Cost Normalization:**

-example 51510000 1.PRODUCTION POWER Electricity KYAWC-KENTUCKY RIVER STATION 2 OWEN ELECTRIC COOPERATIVE

nproving projections for summer higher demand months.

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	
120252	51510000 T.	1.PRODUCTION POWER	N/A	OTHER		0
120252 Total	51510000 T.	1.PRODUCTION POWER	N/A	OTHER		0

Profit Center			E120251_CEN-Richmond Road St						
	E1202		January	February	March	April	May	June	
			Current 2015 Budget	\$36,205	\$34,453	\$40,314	\$41,957	\$37,429	\$36,927
			<b>2016 Power budget</b>	<b>\$27,596</b>	<b>\$37,018</b>	<b>\$47,324</b>	<b>\$40,821</b>	<b>\$40,399</b>	<b>\$42,819</b>
			<b>2016 System Delivery</b>	294,714	288,617	317,092	298,581	341,848	364,710
			2014 Normalized Power With Global Adjustments per TGAL	0.093637746	0.1283	0.1492	0.1367	0.1182	0.1174
			2014 Normalized Power With Global Adjustments	\$32,825	\$39,924	\$47,078	\$42,981	\$41,897	\$43,910
			<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$4,405</b>	<b>\$5,358</b>	<b>\$6,318</b>	<b>\$5,662</b>	<b>\$5,622</b>	<b>\$5,893</b>
GLOBAL ASSUMPTIONS		3.5% OWEN ELECTRIC COOPERATIVE INC		\$0	\$0	\$0	\$0	\$0	\$0
		15.5% KU		\$4,405	\$5,358	\$6,318	\$5,662	\$5,622	\$5,893
		3.5% OWEN ELECTRIC COOPERATIVE		\$0	\$0	\$0	\$0	\$0	\$0
		2.0% CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
		<b>2014 BY VENDOR</b>		<b>\$28,420</b>	<b>\$34,566</b>	<b>\$40,760</b>	<b>\$37,319</b>	<b>\$36,274</b>	<b>\$38,018</b>
		OWEN ELECTRIC COOPERATIVE INC		\$0	\$0	\$0	\$0	\$0	\$0
		KU		\$28,420	\$34,566	\$40,760	\$36,528	\$36,274	\$38,018
		OWEN ELECTRIC COOPERATIVE		\$0	\$0	\$0	\$0	\$0	\$0
		CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
		OTHER		\$0	\$0	\$0	\$791	\$0	\$0
		<b>2014 Normalized Power Cost per 1000 Gallons</b>		\$0.081	\$0.111	\$0.129	\$0.119	\$0.102	\$0.102
		<b>2014 NET System Delivery</b>		350,555	311,272	315,446	314,382	354,523	374,005

Total Adjusted 2014 Power Expense for: E120251_CEN-Richmond Road St			\$28,420	\$34,566	\$40,760	\$37,319	\$36,274	\$38,018
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
		KU	\$28,420	\$34,566	\$40,760	\$36,528	\$36,274	\$38,018
		OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
		CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
		OTHER	\$0	\$0	\$0	\$0	\$0	\$0
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER	\$0	\$0	\$0	\$791	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU			-\$3,000	-\$1,000	\$4,000
	51510000			KYAWC-RICHMOND ROAD STATION TR	KU	\$5,000		-\$6,000	-\$2,000	\$7,000
	51510000				KU					
	51510000	1.PRODUCTION POWER	N/A	OTHER						
	51520000	2.PRODUCTION FUEL	N/A	OTHER						
						0	(8,008)	8,361		

2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6	
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU		8,482	8,742	12,997	10,435	8,172	3,756
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RICHMOND ROAD STATION TR	KU		14,938	25,825	36,763	29,093	21,103	34,261
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	-	
120251	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	23,420	34,566	49,760	39,528	29,274	38,018
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	(395)	42	791	-	
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER	PTP5 Accruals - KY		-	8,403	(8,403)	-	-	
120251	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0	-	8,008	(8,361)	791	-	
120251 Total	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0	23,420	42,574	41,399	40,319	29,274	38,018

Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$37,429	\$37,429	\$36,927	\$38,336	\$41,957	\$42,692
2016 Power budget		\$44,536	\$43,565	\$39,518	\$43,732	\$41,048	\$31,253
2016 System Delivery		401,693	376,978	337,367	337,811	290,856	307,887
2014 Normalized Power With Global Adjustments per TGAL		0.1109	0.1156	0.1171	0.1295	0.1411	0.1015
2014 Normalized Power With Global Adjustments		\$46,039	\$44,898	\$41,957	\$43,441	\$41,933	\$29,710
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$6,178</b>	<b>\$6,025</b>	<b>\$5,631</b>	<b>\$5,830</b>	<b>\$5,627</b>	<b>\$6,503</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	15.5% KU	\$6,178	\$6,025	\$5,631	\$5,830	\$5,627	\$6,503
	3.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$39,861</b>	<b>\$38,873</b>	<b>\$36,326</b>	<b>\$37,611</b>	<b>\$36,306</b>	<b>\$23,207</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$39,861	\$38,873	\$36,326	\$37,611	\$36,306	\$41,957
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	-\$18,750
<b>2014 Normalized Power Cost per 1000 Gallons</b>		\$0.096	\$0.100	\$0.101	\$0.112	\$0.122	\$0.079
<b>2014 NET System Delivery</b>		415,248	388,520	358,186	335,560	297,132	292,687

Total Adjusted 2014 Power Expense for: E120251_CEN-Richmond Road St		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$39,861	\$38,873	\$36,326	\$37,611	\$36,306	\$41,957
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	-\$18,750
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	-\$1,000	\$1,000			
	51510000			KYAWC-RICHMOND ROAD STATION TR	KU	-\$3,000	\$10,000	-\$5,000		
	51510000				KU					
	51510000	1.PRODUCTION POWER	N/A	OTHER						
	51520000	2.PRODUCTION FUEL	N/A	OTHER						

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	10,008	7,870	9,211	9,088	9,368	13,775
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RICHMOND ROAD STATION TR	KU	33,853	20,003	32,115	28,523	26,938	28,181
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	(18,750)
120251	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	43,861	27,873	41,326	37,611	36,306
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER	PTP5 Accruals - KY	0	-	-	-	-	-
120251	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120251 Total	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0	43,861	27,873	41,326	37,611	36,306

Profit Center	<u>E1202</u>	
		<b>TOTAL</b>
	Current 2015 Budget	\$462,055
	<b>2016 Power budget</b>	<b>\$479,629</b>
	<b>2016 System Delivery</b>	<b>3,958,155</b>

	2014 Normalized Power With Global Adjustments per TGAL	0.1209
	2014 Normalized Power With Global Adjustments	\$496,594
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$69,053</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0
	15.5% KU	\$69,053
	3.5% OWEN ELECTRIC COOPERATIVE	\$0
	2.0% CLARK ENERGY	\$0
	<b>2014 BY VENDOR</b>	<b>\$427,541</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$445,501
	OWEN ELECTRIC COOPERATIVE	\$0
	CLARK ENERGY	\$0
	OTHER	-\$17,959
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.104</b>
	<b>2014 NET System Delivery</b>	<b>4,107,516</b>

Total Adjusted 2014 Power Expense for: <u>E120251_CEN-Richmond Road St</u>		\$427,541	\$425,188	-\$2,353
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC	\$0	
		KU	\$445,501	
		OWEN ELECTRIC COOPERATIVE	\$0	
		CLARK ENERGY	\$0	
		OTHER	-\$18,750	
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER	\$791	

Historical Cost Normalization:					\$0		
-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	\$0	Leveling out costs for the year
	51510000			KYAWC-RICHMOND ROAD STATION TR	KU	\$2,000	Leveling out costs for the year
	51510000				KU	\$0	
	51510000	1.PRODUCTION POWER	N/A	OTHER		\$0	Leveling out costs for the year
	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	\$353
						\$0	
						\$0	
						\$0	
						\$0	

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	111,905
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RICHMOND ROAD STATION TR	KU	331,596
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0 (18,750)
120251	51510000 T	1.PRODUCTION POWER	N/A	OTHER		0 424,751
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0 438
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER	PTP5 Accruals - KY	0 -
120251	51520000 T	2.PRODUCTION FUEL	N/A	OTHER		0 438
120251 Total	51520000 T	2.PRODUCTION FUEL	N/A	OTHER		0 425,188

Profit Center	E1202		E120250_CEN-Kentucky River St				
	January	February	March	April	May	June	
	Current 2015 Budget	\$140,136	\$141,935	\$124,645	\$136,964	\$189,797	\$200,368
	<b>2016 Power budget</b>	<b>\$116,347</b>	<b>\$139,221</b>	<b>\$145,128</b>	<b>\$137,119</b>	<b>\$200,467</b>	<b>\$225,259</b>
	<b>2016 System Delivery</b>	519,664	508,912	559,122	526,483	602,773	643,087
	2014 Normalized Power With Global Adjustments per TGAL	0.223889121	0.2736	0.2596	0.2604	0.3326	0.3503
	2014 Normalized Power With Global Adjustments	\$138,392	\$150,150	\$144,375	\$144,375	\$207,900	\$231,000
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$18,392</b>	<b>\$20,150</b>	<b>\$19,375</b>	<b>\$19,375</b>	<b>\$27,900</b>	<b>\$31,000</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	15.5% KU	\$18,392	\$20,150	\$19,375	\$19,375	\$27,900	\$31,000
	3.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$120,000</b>	<b>\$130,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$180,000</b>	<b>\$200,000</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$118,657	\$130,000	\$125,000	\$125,000	\$180,000	\$200,000
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$1,343	\$0	\$0	\$0	\$0	\$0
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$0.194	\$0.237	\$0.225	\$0.225	\$0.288	\$0.303
	<b>2014 NET System Delivery</b>	618,127	548,861	556,220	554,343	625,124	659,476

Total Adjusted 2014 Power Expense for: E120250_CEN-Kentucky River St		January	February	March	April	May	June
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$118,657	\$130,000	\$125,000	\$125,000	\$180,000	\$200,000
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$1,343	\$0	\$0	\$0	\$0	\$0
	OTHER	\$1,343	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	-\$71,593	-\$130,390	-\$158,730	-\$122,564	-\$116,266	-\$297,299
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	\$120,000	\$130,000	\$125,000	\$125,000	\$180,000	\$200,000

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6	
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	0	70,250	130,390	158,730	122,564	116,266	297,299
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0	70,250	130,390	158,730	122,564	116,266	297,299
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	1,343	-	-	-	-	-
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	1,343	-	-	-	-	-
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	71,593	130,390	158,730	122,564	116,266	297,299

Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$202,996	\$206,416	\$206,798	\$175,172	\$132,610	\$134,105
<b>2016 Power budget</b>		<b>\$234,632</b>	<b>\$229,741</b>	<b>\$223,013</b>	<b>\$162,785</b>	<b>\$146,979</b>	<b>\$127,573</b>
<b>2016 System Delivery</b>		<b>708,297</b>	<b>664,718</b>	<b>594,873</b>	<b>595,656</b>	<b>512,861</b>	<b>542,892</b>
2014 Normalized Power With Global Adjustments per TGAL		0.3313	0.3456	0.3749	0.2733	0.2866	0.2350
2014 Normalized Power With Global Adjustments		\$242,550	\$236,775	\$236,775	\$161,700	\$150,150	\$121,275
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$32,550</b>	<b>\$31,775</b>	<b>\$31,775</b>	<b>\$21,700</b>	<b>\$20,150</b>	<b>\$16,275</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	15.5% KU	\$32,550	\$31,775	\$31,775	\$21,700	\$20,150	\$16,275
	3.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$210,000</b>	<b>\$205,000</b>	<b>\$205,000</b>	<b>\$140,000</b>	<b>\$130,000</b>	<b>\$105,000</b>
OWEN ELECTRIC COOPERATIVE INC		\$0	\$0	\$0	\$0	\$0	\$0
KU		\$210,000	\$205,000	\$205,000	\$140,000	\$130,000	\$105,000
OWEN ELECTRIC COOPERATIVE		\$0	\$0	\$0	\$0	\$0	\$0
CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 Normalized Power Cost per 1000 Gallons</b>		<b>\$0.287</b>	<b>\$0.299</b>	<b>\$0.325</b>	<b>\$0.237</b>	<b>\$0.248</b>	<b>\$0.203</b>
<b>2014 NET System Delivery</b>		<b>732,199</b>	<b>685,069</b>	<b>631,582</b>	<b>591,687</b>	<b>523,928</b>	<b>516,089</b>

Total Adjusted 2014 Power Expense for: E120250_CEN-Kentucky River St		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$210,000	\$205,000	\$205,000	\$140,000	\$130,000	\$105,000
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	-\$220,126	-\$206,437	-\$144,733	-\$132,990	-\$162,939	-\$104,849
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	\$210,000	\$205,000	\$205,000	\$140,000	\$130,000	\$105,000

2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	220,126	206,437	144,733	132,990	162,939	104,849
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0	220,126	206,437	144,733	132,990	162,939
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	220,126	206,437	144,733	132,990	162,939

Profit Center	<u>E1202</u>	TOTAL
		Current 2015 Budget \$1,991,941
		<b>2016 Power budget</b> \$2,088,265
		<b>2016 System Delivery</b> 6,979,339

	2014 Normalized Power With Global Adjustments per TGAL	0.2990
	2014 Normalized Power With Global Adjustments	\$2,165,417
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$290,417</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0
	15.5% KU	\$290,417
	3.5% OWEN ELECTRIC COOPERATIVE	\$0
	2.0% CLARK ENERGY	\$0
	<b>2014 BY VENDOR</b>	<b>\$1,875,000</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$1,873,657
	OWEN ELECTRIC COOPERATIVE	\$0
	CLARK ENERGY	\$0
	OTHER	\$1,343
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.259</b>
	<b>2014 NET System Delivery</b>	<b>7,242,704</b>

Total Adjusted 2014 Power Expense for: E120250_CEN-Kentucky River St		\$1,875,000	\$1,868,916	-\$6,084
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC	\$0	
		KU	\$1,873,657	
		OWEN ELECTRIC COOPERATIVE	\$0	
		CLARK ENERGY	\$0	
		OTHER	\$0	
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER	\$1,343	

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	\$0	
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	-\$1,868,916	Leveling costs across the year and accounting for higher usage in the Summer mor
						\$1,875,000	Leveling costs across the year and accounting for higher usage in the Summer mor
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	1,867,573
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0 1,867,573
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0 1,343
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0 1,343
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0 1,868,916



Profit Center E1202

Current 2015 Budget  
**2016 Power budget**  
**2016 System Delivery**

2014 Normalized Power With Global Adjustments per TGAL  
 2014 Normalized Power With Global Adjustments  
**TOTAL GLOBAL ADJUSTMENT**

GLOBAL ASSUMPTIONS  
 3.5% OWEN ELECTRIC COOPERATIVE INC  
 15.5% KU  
 3.5% OWEN ELECTRIC COOPERATIVE  
 2.0% CLARK ENERGY

**2014 BY VENDOR**

OWEN ELECTRIC COOPERATIVE INC  
 KU  
 OWEN ELECTRIC COOPERATIVE  
 CLARK ENERGY  
 OTHER

**2014 Normalized Power Cost per 1000 Gallons**  
**2014 NET System Delivery**

Total Adjusted 2014 Power Expense for: E120250\_CEN-Kentucky River St

51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC KU OWEN ELECTRIC COOPERATIVE CLARK ENERGY OTHER
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	ths.
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	ths.

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0

Profit Center	E1202		E120201_CEN-Production					
	January	February	March	April	May	June	July	
	Current 2015 Budget	\$41,708	\$40,534	\$51,708	\$43,796	\$44,211	\$59,133	\$49,726
	2016 Power budget	\$44,126	\$52,424	\$61,353	\$58,090	\$43,811	\$73,352	\$64,642
	2016 System Delivery	1	1	1	1	1	1	1
	2014 Normalized Power With Global Adjustments per TGAL	44,125.86	52,423.66	61,352.74	58,090.18	43,811.36	73,352.00	64,642.05
	2014 Normalized Power With Global Adjustments	\$44,126	\$52,424	\$61,353	\$58,090	\$43,811	\$73,352	\$64,642
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>-\$5,874</b>	<b>\$2,423</b>	<b>\$11,352</b>	<b>\$6,091</b>	<b>-\$9,188</b>	<b>\$18,352</b>	<b>\$9,642</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$1	\$1	\$12	\$9	\$4	-\$2	\$2
	15.5% KU	-\$5,875	\$2,423	\$11,341	\$6,081	-\$9,192	\$18,354	\$9,640
	3.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$52,000</b>	<b>\$53,000</b>	<b>\$55,000</b>	<b>\$55,000</b>
	OWEN ELECTRIC COOPERATIVE INC	\$29	\$24	\$329	\$267	\$117	-\$52	\$65
	KU	-\$37,904	\$15,630	\$73,167	\$39,234	-\$59,306	\$118,414	\$62,195
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$87,874	\$34,346	-\$23,495	\$12,498	\$112,188	-\$63,362	-\$7,260
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$49,999.890	\$50,000.220	\$50,000.370	\$51,999.560	\$52,999.650	\$54,999.690	\$54,999.580
	<b>2014 NET System Delivery</b>	1	1	1	1	1	1	1

Total Adjusted 2014 Power Expense for: E120201_CEN-Production		January	February	March	April	May	June	July
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$29	\$24	\$329	\$267	\$117	-\$52	\$65
	OWEN ELECTRIC COOPERATIVE INC	\$29	\$24	\$329	\$267	\$117	-\$52	\$65
	KU	-\$37,904	\$15,630	\$73,167	\$39,234	-\$59,306	\$118,414	\$62,195
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$87,874	\$34,346	-\$51,112	\$12,498	\$112,188	-\$63,362	-\$7,260
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$27,617	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	-\$125,396	-\$80,788	-\$29,809	-\$40,594	-\$143,920	\$40,085	-\$40,335
	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	\$50,000	\$50,000	\$50,000	\$52,000	\$53,000	\$55,000	\$55,000

2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6	7
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BRIAR HILL BOOSTER	KU	2,739	2,414	2,581	590	1,714	3,217	3,264
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BURTON PIKE SUMP PUMP	OWEN ELECTRIC COOPERATIVE INC	29	24	23	25	27	24	28
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-CLAYS MILL ROAD TANK & B	KU	6,943	6,559	7,353	7,837	4,169	4,616	6,622
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-COX ST TANKS & BOOSTER	KU	661	1,043	1,090	1,019	740	1,134	1,089
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-DELAPLAIN BOOSTER	KU	158	449	292	223	623	1,196	504
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HALL TANK & BOOSTER	KU	588	554	473	583	558	613	569
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HUME ROAD TANK & BOOSTER	KU	3,559	4,564	4,181	3,588	4,062	2,845	4,170
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-LEESTOWN BOOSTER STATION	KU	36	30	46	44	42	45	33
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MALLARD POINT WATER PUMP	OWEN ELECTRIC COOPERATIVE INC	-	-	306	242	90	(76)	37
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MERCER ROAD TANK & BOOST	KU	1,057	1,306	1,173	562	1,232	685	1,019
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MOUNT HOREB BOOSTER	KU	58	63	1,020	348	(348)	91	129
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-NEWTOWN BOOSTER STATION	KU	1,208	923	1,920	623	1,118	1,113	1,118
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-PARKERS MILL TANK & BOOS	KU	4,427	3,518	4,339	2,933	3,271	2,189	3,161
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RUSSELL CAVE RD PUMP STA	KU	349	435	451	443	420	459	458
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-SADIEVILLE TANK	KU	165	164	150	143	130	129	123
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-WOODLAKE BOOSTER	KU	14,398	22,796	26,843	8,073	12,688	4,131	25,072

Profit Center					E1202		E120201_CEN-Production						
					January	February	March	April	May	June	July		
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-YORK ST TANK & BOOSTER	KU	1,146	1,600	1,065	818	1,196	865	199	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	3	(3)	(14)	24	4	(11)	(0)	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EE - April 2014	-	-	-	-	3,625	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - July 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - June 2014	-	-	-	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - September 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP - December 2013	1,048	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP UGRLT - January 2014	-	1,048	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - February 2014	-	-	3,625	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - October 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY UGRLT EEDP - November 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	March 2014 KY EEDP	-	-	-	3,625	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Power Accrual Adjustment	80,442	26,920	(61,104)	2,468	102,178	(73,357)	(17,266)	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - April 2014	-	-	-	-	6,381	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - August 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - December 2013	6,381	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - February 2014	-	-	6,381	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - January 2014	-	6,381	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - July 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - March 2014	-	-	-	6,381	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - May 2014	-	-	-	-	-	6,381	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - November 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - October 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - September 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EEDP - June 2014	-	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - August 2014	-	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - May 2014	-	-	-	-	-	3,625	-	
<b>120201</b>	<b>51510000 Tc 1</b>	<b>1.PRODUCTION POWER</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>125,396</b>	<b>80,788</b>	<b>2,193</b>	<b>40,594</b>	<b>143,920</b>	<b>(40,085)</b>	<b>40,335</b>
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	29,027	-	-	-	-	
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016000	-	-	(906)	-	-	-	-	
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016018	-	-	(504)	-	-	-	-	
<b>120201</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>-</b>	<b>27,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>120201 Total</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>125,396</b>	<b>80,788</b>	<b>29,809</b>	<b>40,594</b>	<b>143,920</b>	<b>(40,085)</b>	<b>40,335</b>

Profit Center	E1202					
	August	September	October	November	December	TOTAL
Current 2015 Budget	\$49,726	\$53,796	\$44,211	\$43,796	\$44,211	\$566,556
2016 Power budget	\$64,687	\$61,405	\$53,568	\$66,201	\$58,605	\$702,264
2016 System Delivery	1	1	1	1	1	12
2014 Normalized Power With Global Adjustments per TGAL	64,687.31	61,404.52	53,567.74	66,201.03	58,605.38	58,521.98
2014 Normalized Power With Global Adjustments	\$64,687	\$61,405	\$53,568	\$66,201	\$58,605	\$702,264
<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$9,687</b>	<b>\$8,404</b>	<b>\$568</b>	<b>\$13,201</b>	<b>\$5,605</b>	<b>\$70,264</b>
GLOBAL ASSUMPTIONS						
3.5% OWEN ELECTRIC COOPERATIVE INC	\$1	\$4	\$2	\$1	\$4	\$40
15.5% KU	\$9,686	\$8,401	\$565	\$13,199	\$5,601	\$70,223
3.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 BY VENDOR</b>	<b>\$55,000</b>	<b>\$53,000</b>	<b>\$53,000</b>	<b>\$53,000</b>	<b>\$53,000</b>	<b>\$632,000</b>
OWEN ELECTRIC COOPERATIVE INC	\$32	\$107	\$70	\$43	\$117	\$1,149
KU	\$62,491	\$54,197	\$3,646	\$85,155	\$36,135	\$453,054
OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
OTHER	-\$7,523	-\$1,304	\$49,284	-\$32,197	\$16,748	\$177,797
<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$55,000.040</b>	<b>\$53,000.230</b>	<b>\$53,000.190</b>	<b>\$53,000.470</b>	<b>\$53,000.340</b>	<b>\$52,666.686</b>
<b>2014 NET System Delivery</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>12</b>

Total Adjusted 2014 Power Expense for: E120201_CEN-Production		August	September	October	November	December	TOTAL
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$55,000	\$53,000	\$53,000	\$53,000	\$53,000	\$632,000
	OWEN ELECTRIC COOPERATIVE INC	\$32	\$107	\$70	\$43	\$117	\$1,149
	KU	\$62,491	\$54,197	\$3,646	\$85,155	\$36,135	\$453,054
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	-\$7,523	-\$1,304	\$49,284	-\$32,197	\$16,748	\$150,180
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$27,617

Historical Cost Normalization:					8	9	10	11	12	Grand Total	
-example	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	-\$26,844	-\$44,080	-\$87,340	\$9,220	-\$61,785	-\$631,586
	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	\$55,000	\$53,000	\$53,000	\$53,000	\$53,000	\$632,000
						\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	8	9	10	11	12	Grand Total
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BRIAR HILL BOOSTER	KU	3,757	3,591	2,072	3,189	3,110	32,239
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BURTON PIKE SUMP PUMP	OWEN ELECTRIC COOPERATIVE INC	0	50	27	22	31	310
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-CLAYS MILL ROAD TANK & B	KU	5,006	5,213	8,701	2,914	9,044	74,979
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-COX ST TANKS & BOOSTER	KU	932	391	1,464	1,097	1,681	12,340
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-DELAPLAIN BOOSTER	KU	(215)	929	211	276	402	5,048
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HALL TANK & BOOSTER	KU	479	562	567	455	609	6,608
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HUME ROAD TANK & BOOSTER	KU	3,350	2,396	3,993	3,455	5,242	45,406
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-LEESTOWN BOOSTER STATION	KU	46	42	45	40	55	503
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MALLARD POINT WATER PUMP	OWEN ELECTRIC COOPERATIVE INC	31	58	43	20	86	839
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MERCER ROAD TANK & BOOST	KU	760	766	(32)	(321)	240	8,446
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MOUNT HOREB BOOSTER	KU	91	116	95	96	79	1,839
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-NEWTOWN BOOSTER STATION	KU	(254)	1,368	202	327	2,492	12,157
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-PARKERS MILL TANK & BOOS	KU	2,131	2,334	3,048	2,682	3,490	37,522
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RUSSELL CAVE RD PUMP STA	KU	415	416	446	391	844	5,526
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-SADIEVILLE TANK	KU	0	248	137	(13)	317	1,693
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-WOODLAKE BOOSTER	KU	16,820	26,069	16,129	9,015	16,931	198,964

Profit Center						E1202						
						August	September	October	November	December	TOTAL	
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-YORK ST TANK & BOOSTER	KU	1,019	835	908	(666)	384	9,369	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	0	(3)	(6)	4	(2)	(5)	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EE - April 2014	-	-	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - July 2014	3,625	-	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - June 2014	-	-	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - September 2014	-	-	3,625	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP - December 2013	-	-	-	-	-	1,048	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP UGRLT - January 2014	-	-	-	-	-	1,048	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - February 2014	-	-	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - October 2014	-	-	-	1,799	-	1,799	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY UGRLT EEDP - November 2014	-	-	-	-	1,799	1,799	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	March 2014 KY EEDP	-	-	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Power Accrual Adjustment	(17,529)	(11,307)	39,285	(37,167)	11,785	45,347	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - April 2014	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - August 2014	-	6,381	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - December 2013	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - February 2014	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - January 2014	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - July 2014	6,381	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - March 2014	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - May 2014	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - November 2014	-	-	-	-	3,167	3,167	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - October 2014	-	-	-	3,167	-	3,167	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - September 2014	-	-	6,381	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EEDP - June 2014	-	-	-	-	-	6,381	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - August 2014	-	3,625	-	-	-	3,625	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - May 2014	-	-	-	-	-	3,625	
<b>120201</b>	<b>51510000 Tc 1</b>	<b>1.PRODUCTION POWER</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>26,844</b>	<b>44,080</b>	<b>87,340</b>	<b>(9,220)</b>	<b>61,785</b>	<b>603,969</b>
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	29,027	
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016000	-	-	-	-	-	(906)	
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016018	-	-	-	-	-	(504)	
<b>120201</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,617</b>	
<b>120201 Total</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>26,844</b>	<b>44,080</b>	<b>87,340</b>	<b>(9,220)</b>	<b>61,785</b>	<b>631,586</b>

Profit Center E1202

Current 2015 Budget  
**2016 Power budget**  
 2016 System Delivery

2014 Normalized Power With Global Adjustments per TGAL  
 2014 Normalized Power With Global Adjustments  
**TOTAL GLOBAL ADJUSTMENT**  
 3.5% OWEN ELECTRIC COOPERATIVE INC  
 15.5% KU  
 3.5% OWEN ELECTRIC COOPERATIVE  
 2.0% CLARK ENERGY

GLOBAL ASSUMPTIONS

**2014 BY VENDOR**

OWEN ELECTRIC COOPERATIVE INC  
 KU  
 OWEN ELECTRIC COOPERATIVE  
 CLARK ENERGY  
 OTHER

**2014 Normalized Power Cost per 1000 Gallons**  
**2014 NET System Delivery**

<b>Total Adjusted 2014 Power Expense for: E120201_CEN-Production</b>			\$631,586	-\$414
<b>51510000</b>	<b>TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS</b>	OWEN ELECTRIC COOPERATIVE INC KU OWEN ELECTRIC COOPERATIVE CLARK ENERGY OTHER		
<b>51520000</b>	<b>TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS</b>	OTHER		

**Historical Cost Normalization:**

-example	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	
	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	


**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BRIAR HILL BOOSTER	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BURTON PIKE SUMP PUMP	OWEN ELECTRIC COOPERATIVE INC
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-CLAYS MILL ROAD TANK & B	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-COX ST TANKS & BOOSTER	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-DELAPLAIN BOOSTER	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HALL TANK & BOOSTER	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HUME ROAD TANK & BOOSTER	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-LEESTOWN BOOSTER STATION	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MALLARD POINT WATER PUMP	OWEN ELECTRIC COOPERATIVE INC
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MERCER ROAD TANK & BOOST	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MOUNT HOREB BOOSTER	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-NEWTOWN BOOSTER STATION	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-PARKERS MILL TANK & BOOS	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RUSSELL CAVE RD PUMP STA	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-SADIEVILLE TANK	KU
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-WOODLAKE BOOSTER	KU

Profit Center E1202

120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-YORK ST TANK & BOOSTER	KU		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EE - April 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - July 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - June 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - September 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP - December 2013		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP UGRLT - January 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - February 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - October 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY UGRLT EEDP - November 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	March 2014 KY EEDP		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Power Accrual Adjustment		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - April 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - August 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - December 2013		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - February 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - January 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - July 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - March 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - May 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - November 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - October 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - September 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EEDP - June 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - August 2014		
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - May 2014		
<b>120201</b>	<b>51510000 Tc 1</b>	<b>1.PRODUCTION POWER</b>	<b>N/A</b>	<b>OTHER</b>			<b>0</b>
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER			0
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016000		
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016018		
<b>120201</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>			<b>0</b>
<b>120201 Total</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>			<b>0</b>

					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jan	Feb	Mar	Apr	May	
E12_I	E12_IC	E12	E12_IC_Intercompany Elims	System delivery	E12_IC_Intercompany Elims	0	0	0	0	0
E1201	E120100	E12	E120100_KY CORP-BS/OH	System delivery	E120100_KY CORP-BS/OH	0	0	0	0	0
E1201	E120103	E12	E120103_KY CORP-Customer_Service	System delivery	E120103_KY CORP-Customer_Service	0	0	0	0	0
E1201	E120105	E12	E120105_KY CORP-Admin & Gen	System delivery	E120105_KY CORP-Admin & Gen	0	0	0	0	0
E1201	E120107	E12	E120107_KY CORP-Finance	System delivery	E120107_KY CORP-Finance	0	0	0	0	0
E1201	E120112	E12	E120112_CORP-Rates & Revenue	System delivery	E120112_CORP-Rates & Revenue	0	0	0	0	0
E1201	E120113	E12	E120113_KY CORP-Info_Systems	System delivery	E120113_KY CORP-Info_Systems	0	0	0	0	0
E1201	E120114	E12	E120114_KY CORP-Engineering	System delivery	E120114_KY CORP-Engineering	0	0	0	0	0
E1201	E120115	E12	E120115_KY CORP-Legal	System delivery	E120115_KY CORP-Legal	0	0	0	0	0
E1201	E120117	E12	E120117_KY CORP-Water Quality	System delivery	E120117_KY CORP-Water Quality	0	0	0	0	0
E1201	E120118	E12	E120118_KY CORP-Human Res	System delivery	E120118_KY CORP-Human Res	0	0	0	0	0
E1201	E120119	E12	E120119_KY CORP-Risk Mgmt	System delivery	E120119_KY CORP-Risk Mgmt	0	0	0	0	0
E1201	E120120	E12	E120120_KY CORP-Bus Dev	System delivery	E120120_KY CORP-Bus Dev	0	0	0	0	0
E1201	E120121	E12	E120121_KY CORP-Com Relations	System delivery	E120121_KY CORP-Com Relations	0	0	0	0	0
E1201	E120122	E12	E120122_KY CORP-Government_Rel	System delivery	E120122_KY CORP-Government_Relations	0	0	0	0	0
E1201	E120125	E12	E120125_KY CORP-Ext Affairs	System delivery	E120125_KY CORP-Ext Affairs	0	0	0	0	0
E1201	E1201BT	E12	E1201BT_KY CORP-Business_Transfo	System delivery	E1201BT_KY CORP-Business_Transformation	0	0	0	0	0
E12_I	E12_Inp	E12	E12_Input_KY Input	System delivery	E12_Input_KY Input	0	0	0	0	0
E1202	E120200	E12	E120200_CEN-BS/OH	System delivery	E120200_CEN-BS/OH	0	0	0	0	0
E1202	E120201	E12	E120201_CEN-Production	System delivery	E120201_CEN-Production	0	0	0	0	0
E1202	E120203	E12	E120203_CEN-Cust Service	System delivery	E120203_CEN-Cust Service	0	0	0	0	0
E1202	E120205	E12	E120205_CEN-Admin & Gen	System delivery	E120205_CEN-Admin & Gen	1006381.093	985559.5073	1082796.8	1019587.335	1167331.71
E1202	E120206	E12	E120206_CEN-Field Services	System delivery	E120206_CEN-Field Services	0	0	0	0	0
E1202	E120214	E12	E120214_CEN-Engineering	System delivery	E120214_CEN-Engineering	0	0	0	0	0
E1202	E120216	E12	E120216_CEN-Maint Services	System delivery	E120216_CEN-Maint Services	0	0	0	0	0
E1202	E120217	E12	E120217_CEN-Water Quality	System delivery	E120217_CEN-Water Quality	0	0	0	0	0
E1202	E120250	E12	E120250_CEN-Kentucky River St	System delivery	E120250_CEN-Kentucky River St	0	0	0	0	0
E1202	E120251	E12	E120251_CEN-Richmond Road St	System delivery	E120251_CEN-Richmond Road St	0	0	0	0	0
E1202	E120252	E12	E120252_CEN-Pool III WTP	System delivery	E120252_CEN-Pool III WTP	0	0	0	0	0
E1202	E120261	E12	E120261_MILL-Production	System delivery	E120261_MILL-Production	0	0	0	0	0
E1202	E120266	E12	E120266_MILL-Field Services	System delivery	E120266_MILL-Field Services	0	0	0	0	0
E1230	E123000	E12	E123000_NRTH-BS/OH	System delivery	E123000_NRTH-BS/OH	0	0	0	0	0
E1230	E123001	E12	E123001_NRTH-Production	System delivery	E123001_NRTH-Production	0	0	0	0	0
E1230	E123003	E12	E123003_NRTH-Cust Service	System delivery	E123003_NRTH-Cust Service	0	0	0	0	0
E1230	E123005	E12	E123005_NRTH-Admin & Gen	System delivery	E123005_NRTH-Admin & Gen	0	0	0	0	0
E1230	E123006	E12	E123006_NRTH-Field Services	System delivery	E123006_NRTH-Field Services	0	0	0	0	0
E1230	E123014	E12	E123014_NRTH-Engineering	System delivery	E123014_NRTH-Engineering	0	0	0	0	0
E1230	E123017	E12	E123017_NRTH-Water Quality	System delivery	E123017_NRTH-Water Quality	0	0	0	0	0
E1231	E123100	E12	E123100_ELK-BS/OH	System delivery	E123100_ELK-BS/OH	0	0	0	0	0
E1231	E123103	E12	E123103_ELK-Cust Service	System delivery	E123103_ELK-Cust Service	0	0	0	0	0
E1231	E123105	E12	E123105_ELK-Admin & Gen	System delivery	E123105_ELK-Admin & Gen	0	0	0	0	0
E1231	E123106	E12	E123106_ELK-Field Services	System delivery	E123106_ELK-Field Services	0	0	0	0	0
E1232	E123200	E12	E123200_OWN-BS/OH	System delivery	E123200_OWN-BS/OH	0	0	0	0	0
E1232	E123201	E12	E123201_OWN-Production	System delivery	E123201_OWN-Production	0	0	0	0	0
E1232	E123203	E12	E123203_OWN-Cust Service	System delivery	E123203_OWN-Cust Service	0	0	0	0	0
E1232	E123205	E12	E123205_OWN-Admin & Gen	System delivery	E123205_OWN-Admin & Gen	0	0	0	0	0
E1232	E123206	E12	E123206_OWN-Field Services	System delivery	E123206_OWN-Field Services	0	0	0	0	0
E1233	E123300	E12	E123300_OWNWW-BS/OH	System delivery	E123300_OWNWW-BS/OH	0	0	0	0	0
E1233	E123301	E12	E123301_OWNWW-Treatment	System delivery	E123301_OWNWW-Treatment	0	0	0	0	0
E1233	E123303	E12	E123303_OWNWW-Cust Service	System delivery	E123303_OWNWW-Cust Service	0	0	0	0	0
E1233	E123305	E12	E123305_OWNWW-Admin & Gen	System delivery	E123305_OWNWW-Admin & Gen	0	0	0	0	0
E1233	E123306	E12	E123306_OWNWW-Field Services	System delivery	E123306_OWNWW-Field Services	0	0	0	0	0
E1250	E125000	E12	E125000_RWWW-BS/OH	System delivery	E125000_RWWW-BS/OH	0	0	0	0	0
E1250	E125001	E12	E125001_RWWW-Treatment	System delivery	E125001_RWWW-Treatment	0	0	0	0	0



					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jan	Feb	Mar	Apr	May	
E1250	E125003	E12	E125003_RWWW-Cust Service	System delivery	E125003_RWWW-Cust Service	0	0	0	0	0
E1250	E125005	E12	E125005_RWWW-Admin & Gen	System delivery	E125005_RWWW-Admin & Gen	0	0	0	0	0
E1250	E125006	E12	E125006_RWWW-Field Services	System delivery	E125006_RWWW-Field Services	0	0	0	0	0
E1250	E125014	E12	E125014_RWWW-Engineering	System delivery	E125014_RWWW-Engineering	0	0	0	0	0
E1250	E125017	E12	E125017_RWWW-Water Quality	System delivery	E125017_RWWW-Water Quality	0	0	0	0	0
E1260	E126000	E12	E126000_MILLWW-BS/OH	System delivery	E126000_MILLWW-BS/OH	0	0	0	0	0
E1260	E126001	E12	E126001_MILLWW-Treatment	System delivery	E126001_MILLWW-Treatment	0	0	0	0	0
E1260	E126003	E12	E126003_MILLWW-Cust Service	System delivery	E126003_MILLWW-Cust Service	0	0	0	0	0
E1260	E126005	E12	E126005_MILLWW-Admin & Gen	System delivery	E126005_MILLWW-Admin & Gen	0	0	0	0	0
E1260	E126006	E12	E126006_MILLWW-Field Services	System delivery	E126006_MILLWW-Field Services	0	0	0	0	0
E12G_	E12G_Ke	E12	E12G_Kentucky Growth	System delivery	E12G_Kentucky Growth	0	0	0	0	0
E12	E12_Ken	E12	E12_Kentucky American	System delivery	E12_Kentucky American	1006381.093	985559.5073	1082796.8	1019587.335	1167331.71

					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jun	Jul	Aug	Sep	Oct	
E12_I	E12_IC	E12	E12_IC_Intercompany Elims	System delivery	E12_IC_Intercompany Elims	0	0	0	0	0
E1201	E120100	E12	E120100_KY CORP-BS/OH	System delivery	E120100_KY CORP-BS/OH	0	0	0	0	0
E1201	E120103	E12	E120103_KY CORP-Customer_Service	System delivery	E120103_KY CORP-Customer_Service	0	0	0	0	0
E1201	E120105	E12	E120105_KY CORP-Admin & Gen	System delivery	E120105_KY CORP-Admin & Gen	0	0	0	0	0
E1201	E120107	E12	E120107_KY CORP-Finance	System delivery	E120107_KY CORP-Finance	0	0	0	0	0
E1201	E120112	E12	E120112_CORP-Rates & Revenue	System delivery	E120112_CORP-Rates & Revenue	0	0	0	0	0
E1201	E120113	E12	E120113_KY CORP-Info_Systems	System delivery	E120113_KY CORP-Info_Systems	0	0	0	0	0
E1201	E120114	E12	E120114_KY CORP-Engineering	System delivery	E120114_KY CORP-Engineering	0	0	0	0	0
E1201	E120115	E12	E120115_KY CORP-Legal	System delivery	E120115_KY CORP-Legal	0	0	0	0	0
E1201	E120117	E12	E120117_KY CORP-Water Quality	System delivery	E120117_KY CORP-Water Quality	0	0	0	0	0
E1201	E120118	E12	E120118_KY CORP-Human Res	System delivery	E120118_KY CORP-Human Res	0	0	0	0	0
E1201	E120119	E12	E120119_KY CORP-Risk Mgmt	System delivery	E120119_KY CORP-Risk Mgmt	0	0	0	0	0
E1201	E120120	E12	E120120_KY CORP-Bus Dev	System delivery	E120120_KY CORP-Bus Dev	0	0	0	0	0
E1201	E120121	E12	E120121_KY CORP-Com Relations	System delivery	E120121_KY CORP-Com Relations	0	0	0	0	0
E1201	E120122	E12	E120122_KY CORP-Government_Rel	System delivery	E120122_KY CORP-Government_Relations	0	0	0	0	0
E1201	E120125	E12	E120125_KY CORP-Ext Affairs	System delivery	E120125_KY CORP-Ext Affairs	0	0	0	0	0
E1201	E1201BT	E12	E1201BT_KY CORP-Business_Transfo	System delivery	E1201BT_KY CORP-Business_Transformation	0	0	0	0	0
E12_I	E12_Inp	E12	E12_Input_KY Input	System delivery	E12_Input_KY Input	0	0	0	0	0
E1202	E120200	E12	E120200_CEN-BS/OH	System delivery	E120200_CEN-BS/OH	0	0	0	0	0
E1202	E120201	E12	E120201_CEN-Production	System delivery	E120201_CEN-Production	0	0	0	0	0
E1202	E120203	E12	E120203_CEN-Cust Service	System delivery	E120203_CEN-Cust Service	0	0	0	0	0
E1202	E120205	E12	E120205_CEN-Admin & Gen	System delivery	E120205_CEN-Admin & Gen	1245402.826	1371688.635	1287294.467	1152032.175	1153548.373
E1202	E120206	E12	E120206_CEN-Field Services	System delivery	E120206_CEN-Field Services	0	0	0	0	0
E1202	E120214	E12	E120214_CEN-Engineering	System delivery	E120214_CEN-Engineering	0	0	0	0	0
E1202	E120216	E12	E120216_CEN-Maint Services	System delivery	E120216_CEN-Maint Services	0	0	0	0	0
E1202	E120217	E12	E120217_CEN-Water Quality	System delivery	E120217_CEN-Water Quality	0	0	0	0	0
E1202	E120250	E12	E120250_CEN-Kentucky River St	System delivery	E120250_CEN-Kentucky River St	0	0	0	0	0
E1202	E120251	E12	E120251_CEN-Richmond Road St	System delivery	E120251_CEN-Richmond Road St	0	0	0	0	0
E1202	E120252	E12	E120252_CEN-Pool III WTP	System delivery	E120252_CEN-Pool III WTP	0	0	0	0	0
E1202	E120261	E12	E120261_MILL-Production	System delivery	E120261_MILL-Production	0	0	0	0	0
E1202	E120266	E12	E120266_MILL-Field Services	System delivery	E120266_MILL-Field Services	0	0	0	0	0
E1230	E123000	E12	E123000_NRTH-BS/OH	System delivery	E123000_NRTH-BS/OH	0	0	0	0	0
E1230	E123001	E12	E123001_NRTH-Production	System delivery	E123001_NRTH-Production	0	0	0	0	0
E1230	E123003	E12	E123003_NRTH-Cust Service	System delivery	E123003_NRTH-Cust Service	0	0	0	0	0
E1230	E123005	E12	E123005_NRTH-Admin & Gen	System delivery	E123005_NRTH-Admin & Gen	0	0	0	0	0
E1230	E123006	E12	E123006_NRTH-Field Services	System delivery	E123006_NRTH-Field Services	0	0	0	0	0
E1230	E123014	E12	E123014_NRTH-Engineering	System delivery	E123014_NRTH-Engineering	0	0	0	0	0
E1230	E123017	E12	E123017_NRTH-Water Quality	System delivery	E123017_NRTH-Water Quality	0	0	0	0	0
E1231	E123100	E12	E123100_ELK-BS/OH	System delivery	E123100_ELK-BS/OH	0	0	0	0	0
E1231	E123103	E12	E123103_ELK-Cust Service	System delivery	E123103_ELK-Cust Service	0	0	0	0	0
E1231	E123105	E12	E123105_ELK-Admin & Gen	System delivery	E123105_ELK-Admin & Gen	0	0	0	0	0
E1231	E123106	E12	E123106_ELK-Field Services	System delivery	E123106_ELK-Field Services	0	0	0	0	0
E1232	E123200	E12	E123200_OWN-BS/OH	System delivery	E123200_OWN-BS/OH	0	0	0	0	0
E1232	E123201	E12	E123201_OWN-Production	System delivery	E123201_OWN-Production	0	0	0	0	0
E1232	E123203	E12	E123203_OWN-Cust Service	System delivery	E123203_OWN-Cust Service	0	0	0	0	0
E1232	E123205	E12	E123205_OWN-Admin & Gen	System delivery	E123205_OWN-Admin & Gen	0	0	0	0	0
E1232	E123206	E12	E123206_OWN-Field Services	System delivery	E123206_OWN-Field Services	0	0	0	0	0
E1233	E123300	E12	E123300_OWNWW-BS/OH	System delivery	E123300_OWNWW-BS/OH	0	0	0	0	0
E1233	E123301	E12	E123301_OWNWW-Treatment	System delivery	E123301_OWNWW-Treatment	0	0	0	0	0
E1233	E123303	E12	E123303_OWNWW-Cust Service	System delivery	E123303_OWNWW-Cust Service	0	0	0	0	0
E1233	E123305	E12	E123305_OWNWW-Admin & Gen	System delivery	E123305_OWNWW-Admin & Gen	0	0	0	0	0
E1233	E123306	E12	E123306_OWNWW-Field Services	System delivery	E123306_OWNWW-Field Services	0	0	0	0	0
E1250	E125000	E12	E125000_RWWW-BS/OH	System delivery	E125000_RWWW-BS/OH	0	0	0	0	0
E1250	E125001	E12	E125001_RWWW-Treatment	System delivery	E125001_RWWW-Treatment	0	0	0	0	0

					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jun	Jul	Aug	Sep	Oct	
E1250	E125003	E12	E125003_RWWW-Cust Service	System delivery	E125003_RWWW-Cust Service	0	0	0	0	0
E1250	E125005	E12	E125005_RWWW-Admin & Gen	System delivery	E125005_RWWW-Admin & Gen	0	0	0	0	0
E1250	E125006	E12	E125006_RWWW-Field Services	System delivery	E125006_RWWW-Field Services	0	0	0	0	0
E1250	E125014	E12	E125014_RWWW-Engineering	System delivery	E125014_RWWW-Engineering	0	0	0	0	0
E1250	E125017	E12	E125017_RWWW-Water Quality	System delivery	E125017_RWWW-Water Quality	0	0	0	0	0
E1260	E126000	E12	E126000_MILLWW-BS/OH	System delivery	E126000_MILLWW-BS/OH	0	0	0	0	0
E1260	E126001	E12	E126001_MILLWW-Treatment	System delivery	E126001_MILLWW-Treatment	0	0	0	0	0
E1260	E126003	E12	E126003_MILLWW-Cust Service	System delivery	E126003_MILLWW-Cust Service	0	0	0	0	0
E1260	E126005	E12	E126005_MILLWW-Admin & Gen	System delivery	E126005_MILLWW-Admin & Gen	0	0	0	0	0
E1260	E126006	E12	E126006_MILLWW-Field Services	System delivery	E126006_MILLWW-Field Services	0	0	0	0	0
E12G_	E12G_Ke	E12	E12G_Kentucky Growth	System delivery	E12G_Kentucky Growth	0	0	0	0	0
E12	E12_Ken	E12	E12_Kentucky American	System delivery	E12_Kentucky American	1245402.826	1371688.635	1287294.467	1152032.175	1153548.373

				Comprehensive ID	Comprehensive ID	
				No_Project	No_Project	
				Plan_PreClose	Plan_PreClose	
				Working	Working	
				2016	2016	
				Total Movements	Total Movements	
				TradingPartner	TradingPartner	
				Nov	Dec	
E12_I	E12_IC	E12	E12_IC_Intercompany Elims	E12_IC_Intercompany Elims	0	0
E1201	E120100	E12	E120100_KY CORP-BS/OH	E120100_KY CORP-BS/OH	0	0
E1201	E120103	E12	E120103_KY CORP-Customer_Service	E120103_KY CORP-Customer_Service	0	0
E1201	E120105	E12	E120105_KY CORP-Admin & Gen	E120105_KY CORP-Admin & Gen	0	0
E1201	E120107	E12	E120107_KY CORP-Finance	E120107_KY CORP-Finance	0	0
E1201	E120112	E12	E120112_CORP-Rates & Revenue	E120112_CORP-Rates & Revenue	0	0
E1201	E120113	E12	E120113_KY CORP-Info_Systems	E120113_KY CORP-Info_Systems	0	0
E1201	E120114	E12	E120114_KY CORP-Engineering	E120114_KY CORP-Engineering	0	0
E1201	E120115	E12	E120115_KY CORP-Legal	E120115_KY CORP-Legal	0	0
E1201	E120117	E12	E120117_KY CORP-Water Quality	E120117_KY CORP-Water Quality	0	0
E1201	E120118	E12	E120118_KY CORP-Human Res	E120118_KY CORP-Human Res	0	0
E1201	E120119	E12	E120119_KY CORP-Risk Mgmt	E120119_KY CORP-Risk Mgmt	0	0
E1201	E120120	E12	E120120_KY CORP-Bus Dev	E120120_KY CORP-Bus Dev	0	0
E1201	E120121	E12	E120121_KY CORP-Com Relations	E120121_KY CORP-Com Relations	0	0
E1201	E120122	E12	E120122_KY CORP-Government_Rel	E120122_KY CORP-Government_Relations	0	0
E1201	E120125	E12	E120125_KY CORP-Ext Affairs	E120125_KY CORP-Ext Affairs	0	0
E1201	E1201BT	E12	E1201BT_KY CORP-Business_Transfo	E1201BT_KY CORP-Business_Transformation	0	0
E12_I	E12_Inp	E12	E12_Input_KY Input	E12_Input_KY Input	0	0
E1202	E120200	E12	E120200_CEN-BS/OH	E120200_CEN-BS/OH	0	0
E1202	E120201	E12	E120201_CEN-Production	E120201_CEN-Production	0	0
E1202	E120203	E12	E120203_CEN-Cust Service	E120203_CEN-Cust Service	0	0
E1202	E120205	E12	E120205_CEN-Admin & Gen	E120205_CEN-Admin & Gen	993207.8363	1051365.084
E1202	E120206	E12	E120206_CEN-Field Services	E120206_CEN-Field Services	0	0
E1202	E120214	E12	E120214_CEN-Engineering	E120214_CEN-Engineering	0	0
E1202	E120216	E12	E120216_CEN-Maint Services	E120216_CEN-Maint Services	0	0
E1202	E120217	E12	E120217_CEN-Water Quality	E120217_CEN-Water Quality	0	0
E1202	E120250	E12	E120250_CEN-Kentucky River St	E120250_CEN-Kentucky River St	0	0
E1202	E120251	E12	E120251_CEN-Richmond Road St	E120251_CEN-Richmond Road St	0	0
E1202	E120252	E12	E120252_CEN-Pool III WTP	E120252_CEN-Pool III WTP	0	0
E1202	E120261	E12	E120261_MILL-Production	E120261_MILL-Production	0	0
E1202	E120266	E12	E120266_MILL-Field Services	E120266_MILL-Field Services	0	0
E1230	E123000	E12	E123000_NRTH-BS/OH	E123000_NRTH-BS/OH	0	0
E1230	E123001	E12	E123001_NRTH-Production	E123001_NRTH-Production	0	0
E1230	E123003	E12	E123003_NRTH-Cust Service	E123003_NRTH-Cust Service	0	0
E1230	E123005	E12	E123005_NRTH-Admin & Gen	E123005_NRTH-Admin & Gen	0	0
E1230	E123006	E12	E123006_NRTH-Field Services	E123006_NRTH-Field Services	0	0
E1230	E123014	E12	E123014_NRTH-Engineering	E123014_NRTH-Engineering	0	0
E1230	E123017	E12	E123017_NRTH-Water Quality	E123017_NRTH-Water Quality	0	0
E1231	E123100	E12	E123100_ELK-BS/OH	E123100_ELK-BS/OH	0	0
E1231	E123103	E12	E123103_ELK-Cust Service	E123103_ELK-Cust Service	0	0
E1231	E123105	E12	E123105_ELK-Admin & Gen	E123105_ELK-Admin & Gen	0	0
E1231	E123106	E12	E123106_ELK-Field Services	E123106_ELK-Field Services	0	0
E1232	E123200	E12	E123200_OWN-BS/OH	E123200_OWN-BS/OH	0	0
E1232	E123201	E12	E123201_OWN-Production	E123201_OWN-Production	0	0
E1232	E123203	E12	E123203_OWN-Cust Service	E123203_OWN-Cust Service	0	0
E1232	E123205	E12	E123205_OWN-Admin & Gen	E123205_OWN-Admin & Gen	0	0
E1232	E123206	E12	E123206_OWN-Field Services	E123206_OWN-Field Services	0	0
E1233	E123300	E12	E123300_OWNWW-BS/OH	E123300_OWNWW-BS/OH	0	0
E1233	E123301	E12	E123301_OWNWW-Treatment	E123301_OWNWW-Treatment	0	0
E1233	E123303	E12	E123303_OWNWW-Cust Service	E123303_OWNWW-Cust Service	0	0
E1233	E123305	E12	E123305_OWNWW-Admin & Gen	E123305_OWNWW-Admin & Gen	0	0
E1233	E123306	E12	E123306_OWNWW-Field Services	E123306_OWNWW-Field Services	0	0
E1250	E125000	E12	E125000_RWWW-BS/OH	E125000_RWWW-BS/OH	0	0
E1250	E125001	E12	E125001_RWWW-Treatment	E125001_RWWW-Treatment	0	0

		Comprehensive ID	Comprehensive ID
		No_Project	No_Project
		Plan_PreClose	Plan_PreClose
		Working	Working
		2016	2016
		Total Movements	Total Movements
		TradingPartner	TradingPartner
		Nov	Dec

E1250	E125003	E12	E125003_RWWW-Cust Service	System delivery	E125003_RWWW-Cust Service	0	0
E1250	E125005	E12	E125005_RWWW-Admin & Gen	System delivery	E125005_RWWW-Admin & Gen	0	0
E1250	E125006	E12	E125006_RWWW-Field Services	System delivery	E125006_RWWW-Field Services	0	0
E1250	E125014	E12	E125014_RWWW-Engineering	System delivery	E125014_RWWW-Engineering	0	0
E1250	E125017	E12	E125017_RWWW-Water Quality	System delivery	E125017_RWWW-Water Quality	0	0
E1260	E126000	E12	E126000_MILLWW-BS/OH	System delivery	E126000_MILLWW-BS/OH	0	0
E1260	E126001	E12	E126001_MILLWW-Treatment	System delivery	E126001_MILLWW-Treatment	0	0
E1260	E126003	E12	E126003_MILLWW-Cust Service	System delivery	E126003_MILLWW-Cust Service	0	0
E1260	E126005	E12	E126005_MILLWW-Admin & Gen	System delivery	E126005_MILLWW-Admin & Gen	0	0
E1260	E126006	E12	E126006_MILLWW-Field Services	System delivery	E126006_MILLWW-Field Services	0	0
E12G_	E12G_Ke	E12	E12G_Kentucky Growth	System delivery	E12G_Kentucky Growth	0	0
E12	E12_Ken	E12	E12_Kentucky American	System delivery	E12_Kentucky American	993207.8363	1051365.084



Profit Center	E12		E12_Kentucky American											
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Current 2015 Budget	\$278,499	\$273,066	\$277,119	\$281,732	\$331,888	\$378,725	\$374,498	\$377,918	\$356,536	\$318,171	\$277,378	\$281,459	\$3,806,989	
<b>2017 Power budget</b>	<b>\$243,457</b>	<b>\$284,263</b>	<b>\$326,093</b>	<b>\$302,227</b>	<b>\$307,528</b>	<b>\$431,110</b>	<b>\$436,458</b>	<b>\$421,543</b>	<b>\$389,030</b>	<b>\$311,681</b>	<b>\$305,808</b>	<b>\$277,745</b>	<b>\$4,036,944</b>	
<b>2017 System Delivery</b>	999,730	958,832	1,077,978	1,016,880	1,150,680	1,235,229	1,366,710	1,260,776	1,135,317	1,138,538	983,922	1,041,977	13,366,569	
2014 Normalized Power With Global Adjustments per TGAL	0.236	0.291	0.303	0.294	0.265	0.347	0.318	0.332	0.339	0.273	0.309	0.269	0.299	
2014 Normalized Power With Global Adjustments	\$283,063	\$309,371	\$325,897	\$315,753	\$321,371	\$443,107	\$450,322	\$440,088	\$414,220	\$313,339	\$313,194	\$268,853	\$4,198,578	
<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$23,885</b>	<b>\$38,693</b>	<b>\$49,758</b>	<b>\$41,454</b>	<b>\$31,054</b>	<b>\$72,854</b>	<b>\$64,511</b>	<b>\$63,220</b>	<b>\$60,330</b>	<b>\$37,783</b>	<b>\$50,386</b>	<b>\$38,100</b>	<b>\$572,027</b>	
3.5% OWEN ELECTRIC COOPERATI	\$1	\$1	\$12	\$9	\$4	-\$2	\$2	\$1	\$4	\$2	\$1	\$4	\$40	
19.0% KU	\$20,743	\$34,237	\$45,396	\$38,145	\$29,824	\$67,722	\$59,291	\$58,209	\$56,149	\$34,439	\$47,778	\$34,787	\$526,720	
6.5% OWEN ELECTRIC COOPERATI	\$3,141	\$4,455	\$4,350	\$3,299	\$1,226	\$5,134	\$5,218	\$5,010	\$4,177	\$3,341	\$2,607	\$3,308	\$45,267	
2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>2014 BY VENDOR</b>	<b>\$259,178</b>	<b>\$270,678</b>	<b>\$276,139</b>	<b>\$274,299</b>	<b>\$290,318</b>	<b>\$370,253</b>	<b>\$385,811</b>	<b>\$376,868</b>	<b>\$353,890</b>	<b>\$275,556</b>	<b>\$262,808</b>	<b>\$230,754</b>	<b>\$3,626,550</b>	
OWEN ELECTRIC COOPERATI	\$29	\$24	\$329	\$267	\$117	-\$52	\$65	\$32	\$107	\$70	\$43	\$117	\$1,149	
KU	\$109,174	\$180,196	\$238,927	\$200,762	\$156,968	\$356,431	\$312,056	\$306,364	\$295,523	\$181,257	\$251,461	\$183,092	\$2,772,212	
OWEN ELECTRIC COOPERATI	\$48,326	\$68,543	\$66,923	\$50,761	\$18,857	\$78,985	\$80,282	\$77,074	\$64,264	\$51,405	\$40,100	\$50,893	\$696,414	
CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OTHER	\$101,648	\$21,915	-\$30,039	\$22,508	\$114,375	-\$65,112	-\$6,592	-\$6,603	-\$6,005	\$42,824	-\$28,796	-\$3,348	\$156,776	
<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.217</b>	<b>\$0.255</b>	<b>\$0.256</b>	<b>\$0.256</b>	<b>\$0.240</b>	<b>\$0.290</b>	<b>\$0.272</b>	<b>\$0.284</b>	<b>\$0.289</b>	<b>\$0.240</b>	<b>\$0.259</b>	<b>\$0.231</b>	<b>\$0.259</b>	
<b>2014 NET System Delivery</b>	<b>1,197,066</b>	<b>1,062,925</b>	<b>1,077,177</b>	<b>1,073,543</b>	<b>1,210,616</b>	<b>1,277,143</b>	<b>1,417,979</b>	<b>1,326,707</b>	<b>1,223,124</b>	<b>1,145,862</b>	<b>1,014,640</b>	<b>999,459</b>	<b>14,026,241</b>	
<b>Total Adjusted 2014 Power Expense for: E12_Kentucky American</b>	<b>\$259,178</b>	<b>\$270,678</b>	<b>\$276,139</b>	<b>\$274,299</b>	<b>\$290,318</b>	<b>\$370,253</b>	<b>\$385,811</b>	<b>\$376,868</b>	<b>\$353,890</b>	<b>\$275,556</b>	<b>\$262,808</b>	<b>\$230,754</b>	<b>\$3,626,550</b>	

Profit Center		E120252_CEN-Pool III WTP					
		January	February	March	April	May	June
	Current 2015 Budget	\$60,451	\$56,144	\$60,451	\$59,015	\$60,451	\$82,297
	2016 Power budget	\$53,365	\$54,636	\$64,777	\$59,940	\$21,167	\$79,667
	2016 System Delivery	190,736	182,933	205,664	194,008	219,535	235,666
	2014 Normalized Power With Global Adjustments per TGAL	0.279787589	0.2987	0.3150	0.3090	0.0964	0.3380
	2014 Normalized Power With Global Adjustments	\$63,899	\$60,567	\$64,728	\$63,280	\$22,269	\$82,369
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$3,141</b>	<b>\$4,455</b>	<b>\$4,350</b>	<b>\$3,299</b>	<b>\$1,226</b>	<b>\$5,134</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	19.0% KU	\$0	\$0	\$0	\$0	\$0	\$0
	6.5% OWEN ELECTRIC COOPERATIVE	\$3,141	\$4,455	\$4,350	\$3,299	\$1,226	\$5,134
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$60,758</b>	<b>\$56,112</b>	<b>\$60,378</b>	<b>\$59,980</b>	<b>\$21,044</b>	<b>\$77,235</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE	\$48,326	\$68,543	\$66,923	\$50,761	\$18,857	\$78,985
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$12,431	-\$12,431	-\$6,544	\$9,219	\$2,187	-\$1,750
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$0.266	\$0.277	\$0.294	\$0.293	\$0.091	\$0.317
	<b>2014 NET System Delivery</b>	<b>228,383</b>	<b>202,791</b>	<b>205,510</b>	<b>204,817</b>	<b>230,969</b>	<b>243,661</b>

Total Adjusted 2014 Power Expense for: E120252_CEN-Pool III WTP		January	February	March	April	May	June
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE	\$48,326	\$68,543	\$66,923	\$50,761	\$18,857	\$78,985
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$12,431	-\$12,431	-\$6,544	\$9,219	\$2,187	-\$1,750
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	1	2	3	4	5	6
						-\$17,000	-\$107,000	\$69,000	\$23,000	-\$35,000	\$40,000

2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6	
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE		65,326	175,543	(2,077)	27,761	53,857	38,985
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	-	
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual		12,431	(12,431)	(6,544)	9,219	2,187	(1,750)
120252	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	77,758	163,112	(8,622)	36,980	56,044	37,235
120252 Total	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	77,758	163,112	(8,622)	36,980	56,044	37,235



Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$84,348	\$84,348	\$59,015	\$60,451	\$59,015	\$60,451
<b>2016 Power budget</b>		<b>\$83,054</b>	<b>\$78,880</b>	<b>\$59,165</b>	<b>\$47,978</b>	<b>\$44,713</b>	<b>\$55,104</b>
<b>2016 System Delivery</b>		<b>260,750</b>	<b>240,540</b>	<b>216,604</b>	<b>217,218</b>	<b>187,720</b>	<b>198,796</b>
2014 Normalized Power With Global Adjustments per TGAL		0.3185	0.3279	0.2731	0.2209	0.2382	0.2772
2014 Normalized Power With Global Adjustments		\$86,169	\$83,005	\$63,740	\$48,286	\$46,108	\$52,855
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$5,218</b>	<b>\$5,010</b>	<b>\$4,177</b>	<b>\$3,341</b>	<b>\$2,607</b>	<b>\$3,308</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	19.0% KU	\$0	\$0	\$0	\$0	\$0	\$0
	6.5% OWEN ELECTRIC COOPERATIVE	\$5,218	\$5,010	\$4,177	\$3,341	\$2,607	\$3,308
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$80,951</b>	<b>\$77,995</b>	<b>\$59,563</b>	<b>\$44,945</b>	<b>\$43,502</b>	<b>\$49,547</b>
OWEN ELECTRIC COOPERATIVE INC		\$0	\$0	\$0	\$0	\$0	\$0
KU		\$0	\$0	\$0	\$0	\$0	\$0
OWEN ELECTRIC COOPERATIVE		\$80,282	\$77,074	\$64,264	\$51,405	\$40,100	\$50,893
CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
OTHER		\$669	\$920	-\$4,701	-\$6,460	\$3,402	-\$1,347
<b>2014 Normalized Power Cost per 1000 Gallons</b>		<b>\$0.299</b>	<b>\$0.308</b>	<b>\$0.255</b>	<b>\$0.206</b>	<b>\$0.225</b>	<b>\$0.260</b>
<b>2014 NET System Delivery</b>		<b>270,530</b>	<b>253,117</b>	<b>233,355</b>	<b>218,614</b>	<b>193,579</b>	<b>190,683</b>

Total Adjusted 2014 Power Expense for: E120252_CEN-Pool III WTP		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE	\$80,282	\$77,074	\$64,264	\$51,405	\$40,100	\$50,893
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$669	\$920	-\$4,701	-\$6,460	\$3,402	-\$1,347
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12	
-example 51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE		\$8,000	\$10,000	-\$5,000		-\$5,000	-\$10,000

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12	
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE		72,282	67,074	69,264	51,405	45,100	60,893
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	(789)	
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual		669	920	(4,701)	(6,460)	3,402	(558)
120252	51510000 T.	1.PRODUCTION POWER	N/A	OTHER		0	72,951	67,995	64,563	44,945	48,502	59,547
120252 Total	51510000 T.	1.PRODUCTION POWER	N/A	OTHER		0	72,951	67,995	64,563	44,945	48,502	59,547

Profit Center	<u>E1202</u>	
	<b>TOTAL</b>	
	Current 2015 Budget	\$786,438
	<b>2016 Power budget</b>	<b>\$702,445</b>
	<b>2016 System Delivery</b>	2,550,169
	2014 Normalized Power With Global Adjustments per TGAL	0.2755
	2014 Normalized Power With Global Adjustments	\$737,276
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$45,267</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0
	19.0% KU	\$0
	6.5% OWEN ELECTRIC COOPERATIVE	\$45,267
	2.0% CLARK ENERGY	\$0
	<b>2014 BY VENDOR</b>	<b>\$692,009</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$0
	OWEN ELECTRIC COOPERATIVE	\$696,414
	CLARK ENERGY	\$0
	OTHER	-\$4,405
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$0.259
	<b>2014 NET System Delivery</b>	2,676,009

0.190786056

Total Adjusted 2014 Power Expense for: <u>E120252_CEN-Pool III WTP</u>		\$692,009
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$0
	OWEN ELECTRIC COOPERATIVE	\$696,414
	CLARK ENERGY	\$0
	OTHER	-\$4,405
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0
	OTHER	\$0

\$721,009

\$29,000

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE
----------	----------	--------------------	-------------	--------------------------------	---------------------------

\$0	
-\$29,000	February number inflated high by apparent accrual that hit in March. Corrected. Ir
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	
\$0	

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	725,414
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0 (789)
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	(3,616)
120252	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0 721,009
120252 Total	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0 721,009

Profit Center E1202

Current 2015 Budget  
**2016 Power budget**  
**2016 System Delivery**

980083.1373

2014 Normalized Power With Global Adjustments per TGAL  
 2014 Normalized Power With Global Adjustments  
**TOTAL GLOBAL ADJUSTMENT**

GLOBAL ASSUMPTIONS

**3.5%** OWEN ELECTRIC COOPERATIVE INC  
**19.0%** KU  
**6.5%** OWEN ELECTRIC COOPERATIVE  
**2.0%** CLARK ENERGY

**2014 BY VENDOR**

OWEN ELECTRIC COOPERATIVE INC  
 KU  
 OWEN ELECTRIC COOPERATIVE  
 CLARK ENERGY  
 OTHER

**2014 Normalized Power Cost per 1000 Gallons**  
**2014 NET System Delivery**

Total Adjusted 2014 Power Expense for: E120252\_CEN-Pool III WTP

51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC KU OWEN ELECTRIC COOPERATIVE CLARK ENERGY OTHER
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER

**Historical Cost Normalization:**

-example 51510000 1.PRODUCTION POWER Electricity KYAWC-KENTUCKY RIVER STATION 2 OWEN ELECTRIC COOPERATIVE

improving projections for summer higher demand months.

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	
120252	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION 2	OWEN ELECTRIC COOPERATIVE	
120252	51510000	1.PRODUCTION POWER	N/A	OTHER		0
120252	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	
120252	51510000 T.	1.PRODUCTION POWER	N/A	OTHER		0
120252 Total	51510000 T.	1.PRODUCTION POWER	N/A	OTHER		0

Profit Center		E120251_CEN-Richmond Road St					
		January	February	March	April	May	June
	Current 2015 Budget	\$36,205	\$34,453	\$40,314	\$41,957	\$37,429	\$36,927
	<b>2016 Power budget</b>	<b>\$28,245</b>	<b>\$37,106</b>	<b>\$48,541</b>	<b>\$41,924</b>	<b>\$41,029</b>	<b>\$43,756</b>
	<b>2016 System Delivery</b>	<b>292,768</b>	<b>280,791</b>	<b>315,683</b>	<b>297,790</b>	<b>336,973</b>	<b>361,733</b>
	2014 Normalized Power With Global Adjustments per TGAL	0.096475253	0.1321	0.1538	0.1408	0.1218	0.1210
	2014 Normalized Power With Global Adjustments	\$33,820	\$41,134	\$48,505	\$44,260	\$43,166	\$45,241
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$5,400</b>	<b>\$6,568</b>	<b>\$7,744</b>	<b>\$6,940</b>	<b>\$6,892</b>	<b>\$7,223</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	19.0% KU	\$5,400	\$6,568	\$7,744	\$6,940	\$6,892	\$7,223
	6.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$28,420</b>	<b>\$34,566</b>	<b>\$40,760</b>	<b>\$37,319</b>	<b>\$36,274</b>	<b>\$38,018</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$28,420	\$34,566	\$40,760	\$36,528	\$36,274	\$38,018
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$791	\$0	\$0
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$0.081	\$0.111	\$0.129	\$0.119	\$0.102	\$0.102
	<b>2014 NET System Delivery</b>	<b>350,555</b>	<b>311,272</b>	<b>315,446</b>	<b>314,382</b>	<b>354,523</b>	<b>374,005</b>

Total Adjusted 2014 Power Expense for: E120251_CEN-Richmond Road St		January	February	March	April	May	June
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$28,420	\$34,566	\$40,760	\$36,528	\$36,274	\$38,018
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$791	\$0	\$0
	OTHER	\$0	\$0	\$0	\$791	\$0	\$0

Historical Cost Normalization:

Account	Description	Service	FACILITY	Vendor	1	2	3	4	5	6
-example 51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU						
51510000			KYAWC-RICHMOND ROAD STATION TR	KU	\$5,000					
51510000				KU						
51510000	1.PRODUCTION POWER	N/A	OTHER							
51520000	2.PRODUCTION FUEL	N/A	OTHER							


2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6	
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU		8,482	8,742	12,997	10,435	8,172	3,756
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RICHMOND ROAD STATION TR	KU		14,938	25,825	36,763	29,093	21,103	34,261
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	-	-
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0	23,420	34,566	49,760	39,528	29,274	38,018
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	(395)	42	791	-	-
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER	PTP5 Accruals - KY	0	-	8,403	(8,403)	-	-	-
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	8,008	(8,361)	791	-	-
120251 Total	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	23,420	42,574	41,399	40,319	29,274	38,018

Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$37,429	\$37,429	\$36,927	\$38,336	\$41,957	\$42,692
2016 Power budget		\$45,720	\$43,960	\$40,125	\$44,471	\$41,896	\$32,505
2016 System Delivery		400,236	369,214	332,474	333,417	288,139	305,140
2014 Normalized Power With Global Adjustments per TGAL		0.1142	0.1191	0.1207	0.1334	0.1454	0.1065
2014 Normalized Power With Global Adjustments		\$47,435	\$46,259	\$43,229	\$44,757	\$43,204	\$31,178
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$7,574</b>	<b>\$7,386</b>	<b>\$6,902</b>	<b>\$7,146</b>	<b>\$6,898</b>	<b>\$7,972</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	19.0% KU	\$7,574	\$7,386	\$6,902	\$7,146	\$6,898	\$7,972
	6.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$39,861</b>	<b>\$38,873</b>	<b>\$36,326</b>	<b>\$37,611</b>	<b>\$36,306</b>	<b>\$23,207</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$39,861	\$38,873	\$36,326	\$37,611	\$36,306	\$41,957
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	-\$18,750
<b>2014 Normalized Power Cost per 1000 Gallons</b>		\$0.096	\$0.100	\$0.101	\$0.112	\$0.122	\$0.079
<b>2014 NET System Delivery</b>		415,248	388,520	358,186	335,560	297,132	292,687

Total Adjusted 2014 Power Expense for: E120251_CEN-Richmond Road St		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$39,861	\$38,873	\$36,326	\$37,611	\$36,306	\$41,957
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	-\$18,750
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	-\$1,000	\$1,000			
	51510000			KYAWC-RICHMOND ROAD STATION TR	KU	-\$3,000	\$10,000	-\$5,000		
	51510000				KU					
	51510000	1.PRODUCTION POWER	N/A	OTHER						
	51520000	2.PRODUCTION FUEL	N/A	OTHER						

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	10,008	7,870	9,211	9,088	9,368	13,775
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RICHMOND ROAD STATION TR	KU	33,853	20,003	32,115	28,523	26,938	28,181
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0	-	-	-	-	(18,750)
120251	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0	43,861	27,873	41,326	37,611	36,306
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER	PTP5 Accruals - KY	0	-	-	-	-	-
120251	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120251 Total	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0	43,861	27,873	41,326	37,611	36,306

Profit Center	<u>E1202</u>	TOTAL
		Current 2015 Budget \$462,055
		<b>2016 Power budget</b> \$489,279
		<b>2016 System Delivery</b> 3,914,359

GLOBAL ASSUMPTIONS	2014 Normalized Power With Global Adjustments per TGAL	0.1247
	2014 Normalized Power With Global Adjustments	\$512,186
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$84,645</b>
	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0
	19.0% KU	\$84,645
	6.5% OWEN ELECTRIC COOPERATIVE	\$0
	2.0% CLARK ENERGY	\$0
	<b>2014 BY VENDOR</b>	<b>\$427,541</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$445,501
	OWEN ELECTRIC COOPERATIVE	\$0
	CLARK ENERGY	\$0
	OTHER	-\$17,959
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.104</b>
	<b>2014 NET System Delivery</b>	<b>4,107,516</b>

Total Adjusted 2014 Power Expense for: E120251_CEN-Richmond Road St		\$427,541
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$445,501
	OWEN ELECTRIC COOPERATIVE	\$0
	CLARK ENERGY	\$0
	OTHER	-\$18,750
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$791
	OTHER	\$791

\$425,188      -\$2,353

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	\$0	Leveling out costs for the year
	51510000			KYAWC-RICHMOND ROAD STATION TR	KU	\$2,000	Leveling out costs for the year
	51510000				KU	\$0	
	51510000	1.PRODUCTION POWER	N/A	OTHER		\$0	Leveling out costs for the year
	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	\$353
						\$0	
						\$0	
						\$0	
						\$0	

\$0
\$0
\$2,000
\$0
\$0
0
\$0
\$0
\$0
\$0

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-JACOBSON RESERVOIR/INTAK	KU	111,905
120251	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RICHMOND ROAD STATION TR	KU	331,596
120251	51510000	1.PRODUCTION POWER	N/A	OTHER		0
120251	51510000	T.1.PRODUCTION POWER	N/A	OTHER		0
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER		0
120251	51520000	2.PRODUCTION FUEL	N/A	OTHER	PTP5 Accruals - KY	0
120251	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0
120251 Total	51520000	T.2.PRODUCTION FUEL	N/A	OTHER		0
						425,188

Profit Center	E1202		E120250_CEN-Kentucky River St			
	January	February	March	April	May	June
Current 2015 Budget	\$140,136	\$141,935	\$124,645	\$136,964	\$189,797	\$200,368
<b>2016 Power budget</b>	<b>\$119,047</b>	<b>\$139,551</b>	<b>\$148,862</b>	<b>\$140,900</b>	<b>\$203,596</b>	<b>\$230,191</b>
<b>2016 System Delivery</b>	516,232	495,114	556,637	525,088	594,178	637,836
2014 Normalized Power With Global Adjustments per TGAL	0.230607803	0.2819	0.2674	0.2683	0.3427	0.3609
2014 Normalized Power With Global Adjustments	\$142,545	\$154,700	\$148,750	\$148,750	\$214,200	\$238,000
<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$22,545</b>	<b>\$24,700</b>	<b>\$23,750</b>	<b>\$23,750</b>	<b>\$34,200</b>	<b>\$38,000</b>
GLOBAL ASSUMPTIONS						
3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
19.0% KU	\$22,545	\$24,700	\$23,750	\$23,750	\$34,200	\$38,000
6.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 BY VENDOR</b>	<b>\$120,000</b>	<b>\$130,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$180,000</b>	<b>\$200,000</b>
OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
KU	\$118,657	\$130,000	\$125,000	\$125,000	\$180,000	\$200,000
OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
OTHER	\$1,343	\$0	\$0	\$0	\$0	\$0
<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$0.194	\$0.237	\$0.225	\$0.225	\$0.288	\$0.303
<b>2014 NET System Delivery</b>	618,127	548,861	556,220	554,343	625,124	659,476

Total Adjusted 2014 Power Expense for: E120250_CEN-Kentucky River St		January	February	March	April	May	June
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$118,657	\$130,000	\$125,000	\$125,000	\$180,000	\$200,000
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$1,343	\$0	\$0	\$0	\$0	\$0
	OTHER	\$1,343	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	-\$71,593	-\$130,390	-\$158,730	-\$122,564	-\$116,266	-\$297,299
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	\$120,000	\$130,000	\$125,000	\$125,000	\$180,000	\$200,000

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	70,250	130,390	158,730	122,564	116,266	297,299
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0	70,250	130,390	158,730	122,564	297,299
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	1,343	-	-	-	-
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	1,343	-	-	-	-
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	71,593	130,390	158,730	122,564	297,299

Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$202,996	\$206,416	\$206,798	\$175,172	\$132,610	\$134,105
<b>2016 Power budget</b>		<b>\$240,866</b>	<b>\$231,828</b>	<b>\$226,438</b>	<b>\$165,536</b>	<b>\$150,018</b>	<b>\$130,266</b>
<b>2016 System Delivery</b>		<b>705,729</b>	<b>651,028</b>	<b>586,245</b>	<b>587,909</b>	<b>508,069</b>	<b>538,047</b>
2014 Normalized Power With Global Adjustments per TGAL		0.3413	0.3561	0.3863	0.2816	0.2953	0.2421
2014 Normalized Power With Global Adjustments		\$249,900	\$243,950	\$243,950	\$166,600	\$154,700	\$124,950
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$39,900</b>	<b>\$38,950</b>	<b>\$38,950</b>	<b>\$26,600</b>	<b>\$24,700</b>	<b>\$19,950</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	19.0% KU	\$39,900	\$38,950	\$38,950	\$26,600	\$24,700	\$19,950
	6.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	<b>2014 BY VENDOR</b>	<b>\$210,000</b>	<b>\$205,000</b>	<b>\$205,000</b>	<b>\$140,000</b>	<b>\$130,000</b>	<b>\$105,000</b>
OWEN ELECTRIC COOPERATIVE INC		\$0	\$0	\$0	\$0	\$0	\$0
KU		\$210,000	\$205,000	\$205,000	\$140,000	\$130,000	\$105,000
OWEN ELECTRIC COOPERATIVE		\$0	\$0	\$0	\$0	\$0	\$0
CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 Normalized Power Cost per 1000 Gallons</b>		<b>\$0.287</b>	<b>\$0.299</b>	<b>\$0.325</b>	<b>\$0.237</b>	<b>\$0.248</b>	<b>\$0.203</b>
<b>2014 NET System Delivery</b>		<b>732,199</b>	<b>685,069</b>	<b>631,582</b>	<b>591,687</b>	<b>523,928</b>	<b>516,089</b>

Total Adjusted 2014 Power Expense for: E120250_CEN-Kentucky River St		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OWEN ELECTRIC COOPERATIVE INC	\$0	\$0	\$0	\$0	\$0	\$0
	KU	\$210,000	\$205,000	\$205,000	\$140,000	\$130,000	\$105,000
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	-\$220,126	-\$206,437	-\$144,733	-\$132,990	-\$162,939	-\$104,849
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	\$210,000	\$205,000	\$205,000	\$140,000	\$130,000	\$105,000

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	220,126	206,437	144,733	132,990	162,939	104,849
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0	220,126	206,437	144,733	132,990	162,939
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0	220,126	206,437	144,733	132,990	162,939



Profit Center	<u>E1202</u>	TOTAL
		Current 2015 Budget <u>\$1,991,941</u>
		2016 Power budget <u>\$2,127,099</u>
		2016 System Delivery 6,902,113

	2014 Normalized Power With Global Adjustments per TGAL	0.3080
	2014 Normalized Power With Global Adjustments	\$2,230,995
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$355,995</b>
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$0
	19.0% KU	\$355,995
	6.5% OWEN ELECTRIC COOPERATIVE	\$0
	2.0% CLARK ENERGY	\$0
	<b>2014 BY VENDOR</b>	<b>\$1,875,000</b>
	OWEN ELECTRIC COOPERATIVE INC	\$0
	KU	\$1,873,657
	OWEN ELECTRIC COOPERATIVE	\$0
	CLARK ENERGY	\$0
	OTHER	\$1,343
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$0.259</b>
	<b>2014 NET System Delivery</b>	<b>7,242,704</b>

Total Adjusted 2014 Power Expense for: <u>E120250_CEN-Kentucky River St</u>		\$1,875,000	\$1,868,916	-\$6,084
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC	\$0	
		KU	\$1,873,657	
		OWEN ELECTRIC COOPERATIVE	\$0	
		CLARK ENERGY	\$0	
		OTHER	\$0	
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER	\$1,343	

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	\$0	
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	-\$1,868,916	Leveling costs across the year and accounting for higher usage in the Summer mor
						\$1,875,000	Leveling costs across the year and accounting for higher usage in the Summer mor
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	1,867,573
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0 1,867,573
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0 1,343
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0 1,343
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0 1,868,916

Profit Center E1202

Current 2015 Budget  
**2016 Power budget**  
**2016 System Delivery**

2014 Normalized Power With Global Adjustments per TGAL  
 2014 Normalized Power With Global Adjustments  
**TOTAL GLOBAL ADJUSTMENT**

GLOBAL ASSUMPTIONS  
**3.5% OWEN ELECTRIC COOPERATIVE INC**  
**19.0% KU**  
**6.5% OWEN ELECTRIC COOPERATIVE**  
**2.0% CLARK ENERGY**

**2014 BY VENDOR**

OWEN ELECTRIC COOPERATIVE INC  
 KU  
 OWEN ELECTRIC COOPERATIVE  
 CLARK ENERGY  
 OTHER

**2014 Normalized Power Cost per 1000 Gallons**  
**2014 NET System Delivery**

**Total Adjusted 2014 Power Expense for: E120250\_CEN-Kentucky River St**

51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC KU OWEN ELECTRIC COOPERATIVE CLARK ENERGY OTHER
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER

**Historical Cost Normalization:**

-example	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	ths.
	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	ths.

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	
120250	51510000	1.PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T	KU	
120250	51510000 T.1	PRODUCTION POWER	Electricity	KYAWC-KENTUCKY RIVER STATION T		0
120250	51520000	2.PRODUCTION FUEL	N/A	OTHER		0
120250	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0
120250 Total	51520000 T.2	PRODUCTION FUEL	N/A	OTHER		0

Profit Center	E1202		E120201_CEN-Production				
	January	February	March	April	May	June	
Current 2015 Budget	\$41,708	\$40,534	\$51,708	\$43,796	\$44,211	\$59,133	
2016 Power budget	\$42,799	\$52,971	\$63,914	\$59,463	\$41,736	\$77,496	
2016 System Delivery	1	1	1	1	1	1	
2014 Normalized Power With Global Adjustments per TGAL	42799.23385	52,970.6908	63,913.5803	59,463.3629	41,735.6530	77,496.4750	
2014 Normalized Power With Global Adjustments	\$42,799	\$52,971	\$63,914	\$59,463	\$41,736	\$77,496	
<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>-\$7,201</b>	<b>\$2,970</b>	<b>\$13,913</b>	<b>\$7,464</b>	<b>-\$11,264</b>	<b>\$22,497</b>	
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$1	\$1	\$12	\$9	\$4	-\$2
	19.0% KU	-\$7,202	\$2,970	\$13,902	\$7,454	-\$11,268	\$22,499
	6.5% OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	2.0% CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 BY VENDOR</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$52,000</b>	<b>\$53,000</b>	<b>\$55,000</b>	
OWEN ELECTRIC COOPERATIVE INC	\$29	\$24	\$329	\$267	\$117	-\$52	
KU	-\$37,904	\$15,630	\$73,167	\$39,234	-\$59,306	\$118,414	
OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0	
CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0	
OTHER	\$87,874	\$34,346	-\$23,495	\$12,498	\$112,188	-\$63,362	
<b>2014 Normalized Power Cost per 1000 Gallons</b>	\$49,999.890	\$50,000.220	\$50,000.370	\$51,999.560	\$52,999.650	\$54,999.690	
<b>2014 NET System Delivery</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Total Adjusted 2014 Power Expense for: E120201_CEN-Production		January	February	March	April	May	June
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$29	\$24	\$329	\$267	\$117	-\$52
	OWEN ELECTRIC COOPERATIVE INC	\$29	\$24	\$329	\$267	\$117	-\$52
	KU	-\$37,904	\$15,630	\$73,167	\$39,234	-\$59,306	\$118,414
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	\$87,874	\$34,346	-\$23,495	\$12,498	\$112,188	-\$63,362
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$27,617	\$0	\$0	\$0
	OTHER	\$0	\$0	\$27,617	\$0	\$0	\$0

Historical Cost Normalization:

-example	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	-\$125,396	-\$80,788	-\$29,809	-\$40,594	-\$143,920	\$40,085
	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	\$50,000	\$50,000	\$50,000	\$52,000	\$53,000	\$55,000

2014 ACTUAL EXPENSE

Cost Center	Account	Account Description	Service	FACILITY	Vendor	1	2	3	4	5	6
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BRIAR HILL BOOSTER	KU	2,739	2,414	2,581	590	1,714	3,217
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BURTON PIKE SUMP PUMP	OWEN ELECTRIC COOPERATIVE INC	29	24	23	25	27	24
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-CLAYS MILL ROAD TANK & B	KU	6,943	6,559	7,353	7,837	4,169	4,616
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-COX ST TANKS & BOOSTER	KU	661	1,043	1,090	1,019	740	1,134
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-DELAPLAIN BOOSTER	KU	158	449	292	223	623	1,196
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HALL TANK & BOOSTER	KU	588	554	473	583	558	613
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HUME ROAD TANK & BOOSTER	KU	3,559	4,564	4,181	3,588	4,062	2,845
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-LEESTOWN BOOSTER STATION	KU	36	30	46	44	42	45
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MALLARD POINT WATER PUMP	OWEN ELECTRIC COOPERATIVE INC	-	-	306	242	90	(76)
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MERCER ROAD TANK & BOOST	KU	1,057	1,306	1,173	562	1,232	685
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MOUNT HOREB BOOSTER	KU	58	63	1,020	348	(348)	91
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-NEWTOWN BOOSTER STATION	KU	1,208	923	1,920	623	1,118	1,113
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-PARKERS MILL TANK & BOOS	KU	4,427	3,518	4,339	2,933	3,271	2,189
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RUSSELL CAVE RD PUMP STA	KU	349	435	451	443	420	459
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-SADIEVILLE TANK	KU	165	164	150	143	130	129
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-WOODLAKE BOOSTER	KU	14,398	22,796	26,843	8,073	12,688	4,131



Profit Center		E1202					
		July	August	September	October	November	December
Current 2015 Budget		\$49,726	\$49,726	\$53,796	\$44,211	\$43,796	\$44,211
2016 Power budget		\$66,819	\$66,875	\$63,301	\$53,695	\$69,181	\$59,870
2016 System Delivery		1	1	1	1	1	1
2014 Normalized Power With Global Adjustments per TGA		66,818.8683	66,874.5112	63,301.4166	53,695.3431	69,181.4606	59,870.1139
2014 Normalized Power With Global Adjustments		\$66,819	\$66,875	\$63,301	\$53,695	\$69,181	\$59,870
<b>TOTAL GLOBAL ADJUSTMENT</b>		<b>\$11,819</b>	<b>\$11,874</b>	<b>\$10,301</b>	<b>\$695</b>	<b>\$16,181</b>	<b>\$6,870</b>
GLOBAL ASSUMPTIONS							
3.5% OWEN ELECTRIC COOPERATIVE INC		\$2	\$1	\$4	\$2	\$1	\$4
19.0% KU		\$11,817	\$11,873	\$10,297	\$693	\$16,179	\$6,866
6.5% OWEN ELECTRIC COOPERATIVE		\$0	\$0	\$0	\$0	\$0	\$0
2.0% CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
<b>2014 BY VENDOR</b>		<b>\$55,000</b>	<b>\$55,000</b>	<b>\$53,000</b>	<b>\$53,000</b>	<b>\$53,000</b>	<b>\$53,000</b>
OWEN ELECTRIC COOPERATIVE INC		\$65	\$32	\$107	\$70	\$43	\$117
KU		\$62,195	\$62,491	\$54,197	\$3,646	\$85,155	\$36,135
OWEN ELECTRIC COOPERATIVE		\$0	\$0	\$0	\$0	\$0	\$0
CLARK ENERGY		\$0	\$0	\$0	\$0	\$0	\$0
OTHER		-\$7,260	-\$7,523	-\$1,304	\$49,284	-\$32,197	\$16,748
<b>2014 Normalized Power Cost per 1000 Gallons</b>		\$54,999.580	\$55,000.040	\$53,000.230	\$53,000.190	\$53,000.470	\$53,000.340
<b>2014 NET System Delivery</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Total Adjusted 2014 Power Expense for: E120201_CEN-Production		July	August	September	October	November	December
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	\$65	\$32	\$107	\$70	\$43	\$117
	OWEN ELECTRIC COOPERATIVE INC	\$65	\$32	\$107	\$70	\$43	\$117
	KU	\$62,195	\$62,491	\$54,197	\$3,646	\$85,155	\$36,135
	OWEN ELECTRIC COOPERATIVE	\$0	\$0	\$0	\$0	\$0	\$0
	CLARK ENERGY	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER	-\$7,260	-\$7,523	-\$1,304	\$49,284	-\$32,197	\$16,748
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0

Historical Cost Normalization:										
-example	51510000	1.PRODUCTION POWER	Electricity All Boosters	KU	-\$40,335	-\$26,844	-\$44,080	-\$87,340	\$9,220	-\$61,785
	51510000	1.PRODUCTION POWER	Electricity All Boosters	KU	\$55,000	\$55,000	\$53,000	\$53,000	\$53,000	\$53,000

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	7	8	9	10	11	12
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BRIAR HILL BOOSTER	KU	3,264	3,757	3,591	2,072	3,189	3,110
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BURTON PIKE SUMP PUMP	OWEN ELECTRIC COOPERATIVE INC	28	0	50	27	22	31
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-CLAYS MILL ROAD TANK & B	KU	6,622	5,006	5,213	8,701	2,914	9,044
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-COX ST TANKS & BOOSTER	KU	1,089	932	391	1,464	1,097	1,681
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-DELAPLAIN BOOSTER	KU	504	(215)	929	211	276	402
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HALL TANK & BOOSTER	KU	569	479	562	567	455	609
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HUME ROAD TANK & BOOSTER	KU	4,170	3,350	2,396	3,993	3,455	5,242
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-LEESTOWN BOOSTER STATION	KU	33	46	42	45	40	55
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MALLARD POINT WATER PUMP	OWEN ELECTRIC COOPERATIVE INC	37	31	58	43	20	86
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MERCER ROAD TANK & BOOST	KU	1,019	760	766	(32)	(321)	240
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MOUNT HOREB BOOSTER	KU	129	91	116	95	96	79
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-NEWTOWN BOOSTER STATION	KU	1,118	(254)	1,368	202	327	2,492
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-PARKERS MILL TANK & BOOS	KU	3,161	2,131	2,334	3,048	2,682	3,490
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RUSSELL CAVE RD PUMP STA	KU	458	415	416	446	391	844
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-SADIEVILLE TANK	KU	123	0	248	137	(13)	317
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-WOODLAKE BOOSTER	KU	25,072	16,820	26,069	16,129	9,015	16,931

Profit Center					E1202							
					July	August	September	October	November	December		
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-YORK ST TANK & BOOSTER	KU	199	1,019	835	908	(666)	384	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	(0)	0	(3)	(6)	4	(2)	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EE - April 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - July 2014	-	3,625	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - June 2014	3,625	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - September 2014	-	-	-	3,625	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP - December 2013	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP UGRLT - January 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - February 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - October 2014	-	-	-	-	1,799	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY UGRLT EEDP - November 2014	-	-	-	-	-	1,799	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	March 2014 KY EEDP	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Power Accrual Adjustment	(17,266)	(17,529)	(11,307)	39,285	(37,167)	11,785	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - April 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - August 2014	-	-	6,381	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - December 2013	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - February 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - January 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - July 2014	-	6,381	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - March 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - May 2014	-	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - November 2014	-	-	-	-	-	3,167	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - October 2014	-	-	-	-	3,167	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - September 2014	-	-	-	6,381	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EEDP - June 2014	6,381	-	-	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - August 2014	-	-	3,625	-	-	-	
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - May 2014	-	-	-	-	-	-	
<b>120201</b>	<b>51510000 Tc 1</b>	<b>1.PRODUCTION POWER</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>40,335</b>	<b>26,844</b>	<b>44,080</b>	<b>87,340</b>	<b>(9,220)</b>	<b>61,785</b>
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER		0	-	-	-	-	-	
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016000	-	-	-	-	-	-	
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016018	-	-	-	-	-	-	
<b>120201</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>120201 Total</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0</b>	<b>40,335</b>	<b>26,844</b>	<b>44,080</b>	<b>87,340</b>	<b>(9,220)</b>	<b>61,785</b>

Profit Center	<u>E1202</u>		TOTAL
	Current 2015 Budget	\$566,556	
	2016 Power budget	\$718,121	
	2016 System Delivery	12	
	2014 Normalized Power With Global Adjustments per TGAL	59,843.3924	
	2014 Normalized Power With Global Adjustments	\$718,121	
	<b>TOTAL GLOBAL ADJUSTMENT</b>	<b>\$86,120</b>	
GLOBAL ASSUMPTIONS	3.5% OWEN ELECTRIC COOPERATIVE INC	\$40	
	19.0% KU	\$86,080	
	6.5% OWEN ELECTRIC COOPERATIVE	\$0	
	2.0% CLARK ENERGY	\$0	
	<b>2014 BY VENDOR</b>	<b>\$632,000</b>	
	OWEN ELECTRIC COOPERATIVE INC	\$1,149	
	KU	\$453,054	
	OWEN ELECTRIC COOPERATIVE	\$0	
	CLARK ENERGY	\$0	
	OTHER	\$177,797	
	<b>2014 Normalized Power Cost per 1000 Gallons</b>	<b>\$52,666.686</b>	
	<b>2014 NET System Delivery</b>	<b>12</b>	

Total Adjusted 2014 Power Expense for: E120201_CEN-Production		\$632,000
51510000	TOTAL PRODUCTION ELECTRIC EXPENSES WITH ADJUSTMENTS	OWEN ELECTRIC COOPERATIVE INC \$1,149
		KU \$453,054
		OWEN ELECTRIC COOPERATIVE \$0
		CLARK ENERGY \$0
		OTHER \$150,180
51520000	TOTAL PRODUCTION GAS EXPENSES WITH ADJUSTMENTS	OTHER \$27,617

\$631,586 -\$414

Historical Cost Normalization:					\$0	
-example	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	-\$631,586
						\$0
	51510000	1.PRODUCTION POWER	Electricity	All Boosters	KU	\$632,000
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0

**2014 ACTUAL EXPENSE**

Cost Center	Account	Account Description	Service	FACILITY	Vendor	Grand Total
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BRIAR HILL BOOSTER	KU	32,239
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-BURTON PIKE SUMP PUMP	OWEN ELECTRIC COOPERATIVE INC	310
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-CLAYS MILL ROAD TANK & B	KU	74,979
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-COX ST TANKS & BOOSTER	KU	12,340
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-DELAPLAIN BOOSTER	KU	5,048
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HALL TANK & BOOSTER	KU	6,608
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-HUME ROAD TANK & BOOSTER	KU	45,406
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-LEESTOWN BOOSTER STATION	KU	503
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MALLARD POINT WATER PUMP	OWEN ELECTRIC COOPERATIVE INC	839
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MERCER ROAD TANK & BOOST	KU	8,446
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-MOUNT HOREB BOOSTER	KU	1,839
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-NEWTOWN BOOSTER STATION	KU	12,157
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-PARKERS MILL TANK & BOOS	KU	37,522
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-RUSSELL CAVE RD PUMP STA	KU	5,526
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-SADIEVILLE TANK	KU	1,693
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-WOODLAKE BOOSTER	KU	198,964

Profit Center					E1202	TOTAL
120201	51510000	1.PRODUCTION POWER	Electricity	KYAWC-YORK ST TANK & BOOSTER	KU	9,369
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Discr. Power Accrual	(5)
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EE - April 2014	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - July 2014	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - June 2014	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Gross Receipts EEDP - September 2014	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP - December 2013	1,048
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY EEDP UGRLT - January 2014	1,048
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - February 2014	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY Gross Receipts EEDP - October 2014	1,799
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	KY UGRLT EEDP - November 2014	1,799
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	March 2014 KY EEDP	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Power Accrual Adjustment	45,347
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - April 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - August 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - December 2013	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - February 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - January 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - July 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - March 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - May 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - November 2014	3,167
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - October 2014	3,167
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EE - September 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	Sales Tax EEDP - June 2014	6,381
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - August 2014	3,625
120201	51510000	1.PRODUCTION POWER	N/A	OTHER	UGRLT EEDP - May 2014	3,625
<b>120201</b>	<b>51510000 Tc 1</b>	<b>1.PRODUCTION POWER</b>	<b>N/A</b>	<b>OTHER</b>		<b>0 603,969</b>
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER		0 29,027
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016000	(906)
120201	51520000	2.PRODUCTION FUEL	N/A	OTHER	5000016018	(504)
<b>120201</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0 27,617</b>
<b>120201 Total</b>	<b>51520000 Tc 2</b>	<b>2.PRODUCTION FUEL</b>	<b>N/A</b>	<b>OTHER</b>		<b>0 631,586</b>



					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jan	Feb	Mar	Apr	May	
E12_I	E12_IC	E12	E12_IC_Intercompany Elims	System delivery	E12_IC_Intercompany Elims	0	0	0	0	0
E1201	E120100	E12	E120100_KY CORP-BS/OH	System delivery	E120100_KY CORP-BS/OH	0	0	0	0	0
E1201	E120103	E12	E120103_KY CORP-Customer_Service	System delivery	E120103_KY CORP-Customer_Service	0	0	0	0	0
E1201	E120105	E12	E120105_KY CORP-Admin & Gen	System delivery	E120105_KY CORP-Admin & Gen	0	0	0	0	0
E1201	E120107	E12	E120107_KY CORP-Finance	System delivery	E120107_KY CORP-Finance	0	0	0	0	0
E1201	E120112	E12	E120112_CORP-Rates & Revenue	System delivery	E120112_CORP-Rates & Revenue	0	0	0	0	0
E1201	E120113	E12	E120113_KY CORP-Info_Systems	System delivery	E120113_KY CORP-Info_Systems	0	0	0	0	0
E1201	E120114	E12	E120114_KY CORP-Engineering	System delivery	E120114_KY CORP-Engineering	0	0	0	0	0
E1201	E120115	E12	E120115_KY CORP-Legal	System delivery	E120115_KY CORP-Legal	0	0	0	0	0
E1201	E120117	E12	E120117_KY CORP-Water Quality	System delivery	E120117_KY CORP-Water Quality	0	0	0	0	0
E1201	E120118	E12	E120118_KY CORP-Human Res	System delivery	E120118_KY CORP-Human Res	0	0	0	0	0
E1201	E120119	E12	E120119_KY CORP-Risk Mgmt	System delivery	E120119_KY CORP-Risk Mgmt	0	0	0	0	0
E1201	E120120	E12	E120120_KY CORP-Bus Dev	System delivery	E120120_KY CORP-Bus Dev	0	0	0	0	0
E1201	E120121	E12	E120121_KY CORP-Com Relations	System delivery	E120121_KY CORP-Com Relations	0	0	0	0	0
E1201	E120122	E12	E120122_KY CORP-Government_Rel	System delivery	E120122_KY CORP-Government_Relations	0	0	0	0	0
E1201	E120125	E12	E120125_KY CORP-Ext Affairs	System delivery	E120125_KY CORP-Ext Affairs	0	0	0	0	0
E1201	E1201BT	E12	E1201BT_KY CORP-Business_Transfo	System delivery	E1201BT_KY CORP-Business_Transformation	0	0	0	0	0
E12_I	E12_Inp	E12	E12_Input_KY Input	System delivery	E12_Input_KY Input	0	0	0	0	0
E1202	E120200	E12	E120200_CEN-BS/OH	System delivery	E120200_CEN-BS/OH	0	0	0	0	0
E1202	E120201	E12	E120201_CEN-Production	System delivery	E120201_CEN-Production	0	0	0	0	0
E1202	E120203	E12	E120203_CEN-Cust Service	System delivery	E120203_CEN-Cust Service	0	0	0	0	0
E1202	E120205	E12	E120205_CEN-Admin & Gen	System delivery	E120205_CEN-Admin & Gen	999736.093	958837.5073	1077983.8	1016886.335	1150685.71
E1202	E120206	E12	E120206_CEN-Field Services	System delivery	E120206_CEN-Field Services	0	0	0	0	0
E1202	E120214	E12	E120214_CEN-Engineering	System delivery	E120214_CEN-Engineering	0	0	0	0	0
E1202	E120216	E12	E120216_CEN-Maint Services	System delivery	E120216_CEN-Maint Services	0	0	0	0	0
E1202	E120217	E12	E120217_CEN-Water Quality	System delivery	E120217_CEN-Water Quality	0	0	0	0	0
E1202	E120250	E12	E120250_CEN-Kentucky River St	System delivery	E120250_CEN-Kentucky River St	0	0	0	0	0
E1202	E120251	E12	E120251_CEN-Richmond Road St	System delivery	E120251_CEN-Richmond Road St	0	0	0	0	0
E1202	E120252	E12	E120252_CEN-Pool III WTP	System delivery	E120252_CEN-Pool III WTP	0	0	0	0	0
E1202	E120261	E12	E120261_MILL-Production	System delivery	E120261_MILL-Production	0	0	0	0	0
E1202	E120266	E12	E120266_MILL-Field Services	System delivery	E120266_MILL-Field Services	0	0	0	0	0
E1230	E123000	E12	E123000_NRTH-BS/OH	System delivery	E123000_NRTH-BS/OH	0	0	0	0	0
E1230	E123001	E12	E123001_NRTH-Production	System delivery	E123001_NRTH-Production	0	0	0	0	0
E1230	E123003	E12	E123003_NRTH-Cust Service	System delivery	E123003_NRTH-Cust Service	0	0	0	0	0
E1230	E123005	E12	E123005_NRTH-Admin & Gen	System delivery	E123005_NRTH-Admin & Gen	0	0	0	0	0
E1230	E123006	E12	E123006_NRTH-Field Services	System delivery	E123006_NRTH-Field Services	0	0	0	0	0
E1230	E123014	E12	E123014_NRTH-Engineering	System delivery	E123014_NRTH-Engineering	0	0	0	0	0
E1230	E123017	E12	E123017_NRTH-Water Quality	System delivery	E123017_NRTH-Water Quality	0	0	0	0	0
E1231	E123100	E12	E123100_ELK-BS/OH	System delivery	E123100_ELK-BS/OH	0	0	0	0	0
E1231	E123103	E12	E123103_ELK-Cust Service	System delivery	E123103_ELK-Cust Service	0	0	0	0	0
E1231	E123105	E12	E123105_ELK-Admin & Gen	System delivery	E123105_ELK-Admin & Gen	0	0	0	0	0
E1231	E123106	E12	E123106_ELK-Field Services	System delivery	E123106_ELK-Field Services	0	0	0	0	0
E1232	E123200	E12	E123200_OWN-BS/OH	System delivery	E123200_OWN-BS/OH	0	0	0	0	0
E1232	E123201	E12	E123201_OWN-Production	System delivery	E123201_OWN-Production	0	0	0	0	0
E1232	E123203	E12	E123203_OWN-Cust Service	System delivery	E123203_OWN-Cust Service	0	0	0	0	0
E1232	E123205	E12	E123205_OWN-Admin & Gen	System delivery	E123205_OWN-Admin & Gen	0	0	0	0	0
E1232	E123206	E12	E123206_OWN-Field Services	System delivery	E123206_OWN-Field Services	0	0	0	0	0
E1233	E123300	E12	E123300_OWNWW-BS/OH	System delivery	E123300_OWNWW-BS/OH	0	0	0	0	0
E1233	E123301	E12	E123301_OWNWW-Treatment	System delivery	E123301_OWNWW-Treatment	0	0	0	0	0
E1233	E123303	E12	E123303_OWNWW-Cust Service	System delivery	E123303_OWNWW-Cust Service	0	0	0	0	0
E1233	E123305	E12	E123305_OWNWW-Admin & Gen	System delivery	E123305_OWNWW-Admin & Gen	0	0	0	0	0
E1233	E123306	E12	E123306_OWNWW-Field Services	System delivery	E123306_OWNWW-Field Services	0	0	0	0	0
E1250	E125000	E12	E125000_RWWW-BS/OH	System delivery	E125000_RWWW-BS/OH	0	0	0	0	0
E1250	E125001	E12	E125001_RWWW-Treatment	System delivery	E125001_RWWW-Treatment	0	0	0	0	0

					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jan	Feb	Mar	Apr	May	
E1250	E125003	E12	E125003_RWWW-Cust Service	System delivery	E125003_RWWW-Cust Service	0	0	0	0	0
E1250	E125005	E12	E125005_RWWW-Admin & Gen	System delivery	E125005_RWWW-Admin & Gen	0	0	0	0	0
E1250	E125006	E12	E125006_RWWW-Field Services	System delivery	E125006_RWWW-Field Services	0	0	0	0	0
E1250	E125014	E12	E125014_RWWW-Engineering	System delivery	E125014_RWWW-Engineering	0	0	0	0	0
E1250	E125017	E12	E125017_RWWW-Water Quality	System delivery	E125017_RWWW-Water Quality	0	0	0	0	0
E1260	E126000	E12	E126000_MILLWW-BS/OH	System delivery	E126000_MILLWW-BS/OH	0	0	0	0	0
E1260	E126001	E12	E126001_MILLWW-Treatment	System delivery	E126001_MILLWW-Treatment	0	0	0	0	0
E1260	E126003	E12	E126003_MILLWW-Cust Service	System delivery	E126003_MILLWW-Cust Service	0	0	0	0	0
E1260	E126005	E12	E126005_MILLWW-Admin & Gen	System delivery	E126005_MILLWW-Admin & Gen	0	0	0	0	0
E1260	E126006	E12	E126006_MILLWW-Field Services	System delivery	E126006_MILLWW-Field Services	0	0	0	0	0
E12G_	E12G_Ke	E12	E12G_Kentucky Growth	System delivery	E12G_Kentucky Growth	0	0	0	0	0
E12	E12_Ken	E12	E12_Kentucky American	System delivery	E12_Kentucky American	999736.093	958837.5073	1077983.8	1016886.335	1150685.71

					Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	
					No_Project	No_Project	No_Project	No_Project	No_Project	
					Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	
					Working	Working	Working	Working	Working	
					2016	2016	2016	2016	2016	
					Total Movements	Total Movements	Total Movements	Total Movements	Total Movements	
					TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	
					Jun	Jul	Aug	Sep	Oct	
E12_I	E12_IC	E12	E12_IC_Intercompany Elims	System delivery	E12_IC_Intercompany Elims	0	0	0	0	0
E1201	E120100	E12	E120100_KY CORP-BS/OH	System delivery	E120100_KY CORP-BS/OH	0	0	0	0	0
E1201	E120103	E12	E120103_KY CORP-Customer_Service	System delivery	E120103_KY CORP-Customer_Service	0	0	0	0	0
E1201	E120105	E12	E120105_KY CORP-Admin & Gen	System delivery	E120105_KY CORP-Admin & Gen	0	0	0	0	0
E1201	E120107	E12	E120107_KY CORP-Finance	System delivery	E120107_KY CORP-Finance	0	0	0	0	0
E1201	E120112	E12	E120112_CORP-Rates & Revenue	System delivery	E120112_CORP-Rates & Revenue	0	0	0	0	0
E1201	E120113	E12	E120113_KY CORP-Info_Systems	System delivery	E120113_KY CORP-Info_Systems	0	0	0	0	0
E1201	E120114	E12	E120114_KY CORP-Engineering	System delivery	E120114_KY CORP-Engineering	0	0	0	0	0
E1201	E120115	E12	E120115_KY CORP-Legal	System delivery	E120115_KY CORP-Legal	0	0	0	0	0
E1201	E120117	E12	E120117_KY CORP-Water Quality	System delivery	E120117_KY CORP-Water Quality	0	0	0	0	0
E1201	E120118	E12	E120118_KY CORP-Human Res	System delivery	E120118_KY CORP-Human Res	0	0	0	0	0
E1201	E120119	E12	E120119_KY CORP-Risk Mgmt	System delivery	E120119_KY CORP-Risk Mgmt	0	0	0	0	0
E1201	E120120	E12	E120120_KY CORP-Bus Dev	System delivery	E120120_KY CORP-Bus Dev	0	0	0	0	0
E1201	E120121	E12	E120121_KY CORP-Com Relations	System delivery	E120121_KY CORP-Com Relations	0	0	0	0	0
E1201	E120122	E12	E120122_KY CORP-Government_Rel	System delivery	E120122_KY CORP-Government_Relations	0	0	0	0	0
E1201	E120125	E12	E120125_KY CORP-Ext Affairs	System delivery	E120125_KY CORP-Ext Affairs	0	0	0	0	0
E1201	E1201BT	E12	E1201BT_KY CORP-Business_Transfo	System delivery	E1201BT_KY CORP-Business_Transformation	0	0	0	0	0
E12_I	E12_Inp	E12	E12_Input_KY Input	System delivery	E12_Input_KY Input	0	0	0	0	0
E1202	E120200	E12	E120200_CEN-BS/OH	System delivery	E120200_CEN-BS/OH	0	0	0	0	0
E1202	E120201	E12	E120201_CEN-Production	System delivery	E120201_CEN-Production	0	0	0	0	0
E1202	E120203	E12	E120203_CEN-Cust Service	System delivery	E120203_CEN-Cust Service	0	0	0	0	0
E1202	E120205	E12	E120205_CEN-Admin & Gen	System delivery	E120205_CEN-Admin & Gen	1235234.826	1366715.635	1260782.467	1135323.175	1138544.373
E1202	E120206	E12	E120206_CEN-Field Services	System delivery	E120206_CEN-Field Services	0	0	0	0	0
E1202	E120214	E12	E120214_CEN-Engineering	System delivery	E120214_CEN-Engineering	0	0	0	0	0
E1202	E120216	E12	E120216_CEN-Maint Services	System delivery	E120216_CEN-Maint Services	0	0	0	0	0
E1202	E120217	E12	E120217_CEN-Water Quality	System delivery	E120217_CEN-Water Quality	0	0	0	0	0
E1202	E120250	E12	E120250_CEN-Kentucky River St	System delivery	E120250_CEN-Kentucky River St	0	0	0	0	0
E1202	E120251	E12	E120251_CEN-Richmond Road St	System delivery	E120251_CEN-Richmond Road St	0	0	0	0	0
E1202	E120252	E12	E120252_CEN-Pool III WTP	System delivery	E120252_CEN-Pool III WTP	0	0	0	0	0
E1202	E120261	E12	E120261_MILL-Production	System delivery	E120261_MILL-Production	0	0	0	0	0
E1202	E120266	E12	E120266_MILL-Field Services	System delivery	E120266_MILL-Field Services	0	0	0	0	0
E1230	E123000	E12	E123000_NRTH-BS/OH	System delivery	E123000_NRTH-BS/OH	0	0	0	0	0
E1230	E123001	E12	E123001_NRTH-Production	System delivery	E123001_NRTH-Production	0	0	0	0	0
E1230	E123003	E12	E123003_NRTH-Cust Service	System delivery	E123003_NRTH-Cust Service	0	0	0	0	0
E1230	E123005	E12	E123005_NRTH-Admin & Gen	System delivery	E123005_NRTH-Admin & Gen	0	0	0	0	0
E1230	E123006	E12	E123006_NRTH-Field Services	System delivery	E123006_NRTH-Field Services	0	0	0	0	0
E1230	E123014	E12	E123014_NRTH-Engineering	System delivery	E123014_NRTH-Engineering	0	0	0	0	0
E1230	E123017	E12	E123017_NRTH-Water Quality	System delivery	E123017_NRTH-Water Quality	0	0	0	0	0
E1231	E123100	E12	E123100_ELK-BS/OH	System delivery	E123100_ELK-BS/OH	0	0	0	0	0
E1231	E123103	E12	E123103_ELK-Cust Service	System delivery	E123103_ELK-Cust Service	0	0	0	0	0
E1231	E123105	E12	E123105_ELK-Admin & Gen	System delivery	E123105_ELK-Admin & Gen	0	0	0	0	0
E1231	E123106	E12	E123106_ELK-Field Services	System delivery	E123106_ELK-Field Services	0	0	0	0	0
E1232	E123200	E12	E123200_OWN-BS/OH	System delivery	E123200_OWN-BS/OH	0	0	0	0	0
E1232	E123201	E12	E123201_OWN-Production	System delivery	E123201_OWN-Production	0	0	0	0	0
E1232	E123203	E12	E123203_OWN-Cust Service	System delivery	E123203_OWN-Cust Service	0	0	0	0	0
E1232	E123205	E12	E123205_OWN-Admin & Gen	System delivery	E123205_OWN-Admin & Gen	0	0	0	0	0
E1232	E123206	E12	E123206_OWN-Field Services	System delivery	E123206_OWN-Field Services	0	0	0	0	0
E1233	E123300	E12	E123300_OWNWW-BS/OH	System delivery	E123300_OWNWW-BS/OH	0	0	0	0	0
E1233	E123301	E12	E123301_OWNWW-Treatment	System delivery	E123301_OWNWW-Treatment	0	0	0	0	0
E1233	E123303	E12	E123303_OWNWW-Cust Service	System delivery	E123303_OWNWW-Cust Service	0	0	0	0	0
E1233	E123305	E12	E123305_OWNWW-Admin & Gen	System delivery	E123305_OWNWW-Admin & Gen	0	0	0	0	0
E1233	E123306	E12	E123306_OWNWW-Field Services	System delivery	E123306_OWNWW-Field Services	0	0	0	0	0
E1250	E125000	E12	E125000_RWWW-BS/OH	System delivery	E125000_RWWW-BS/OH	0	0	0	0	0
E1250	E125001	E12	E125001_RWWW-Treatment	System delivery	E125001_RWWW-Treatment	0	0	0	0	0

				Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID	Comprehensive ID		
				No_Project	No_Project	No_Project	No_Project	No_Project		
				Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose		
				Working	Working	Working	Working	Working		
				2016	2016	2016	2016	2016		
				Total Movements	Total Movements	Total Movements	Total Movements	Total Movements		
				TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner		
				Jun	Jul	Aug	Sep	Oct		
E1250	E125003	E12	E125003_RWWW-Cust Service	System delivery	E125003_RWWW-Cust Service	0	0	0	0	0
E1250	E125005	E12	E125005_RWWW-Admin & Gen	System delivery	E125005_RWWW-Admin & Gen	0	0	0	0	0
E1250	E125006	E12	E125006_RWWW-Field Services	System delivery	E125006_RWWW-Field Services	0	0	0	0	0
E1250	E125014	E12	E125014_RWWW-Engineering	System delivery	E125014_RWWW-Engineering	0	0	0	0	0
E1250	E125017	E12	E125017_RWWW-Water Quality	System delivery	E125017_RWWW-Water Quality	0	0	0	0	0
E1260	E126000	E12	E126000_MILLWW-BS/OH	System delivery	E126000_MILLWW-BS/OH	0	0	0	0	0
E1260	E126001	E12	E126001_MILLWW-Treatment	System delivery	E126001_MILLWW-Treatment	0	0	0	0	0
E1260	E126003	E12	E126003_MILLWW-Cust Service	System delivery	E126003_MILLWW-Cust Service	0	0	0	0	0
E1260	E126005	E12	E126005_MILLWW-Admin & Gen	System delivery	E126005_MILLWW-Admin & Gen	0	0	0	0	0
E1260	E126006	E12	E126006_MILLWW-Field Services	System delivery	E126006_MILLWW-Field Services	0	0	0	0	0
E12G_	E12G_Ke	E12	E12G_Kentucky Growth	System delivery	E12G_Kentucky Growth	0	0	0	0	0
E12	E12_Ken	E12	E12_Kentucky American	System delivery	E12_Kentucky American	1235234.826	1366715.635	1260782.467	1135323.175	1138544.373

		Comprehensive ID	Comprehensive ID
		No_Project	No_Project
		Plan_PreClose	Plan_PreClose
		Working	Working
		2016	2016
		Total Movements	Total Movements
		TradingPartner	TradingPartner
		Nov	Dec

E12_I	E12_IC	E12	E12_IC_Intercompany Elims	System delivery	E12_IC_Intercompany Elims	0	0
E1201	E120100	E12	E120100_KY CORP-BS/OH	System delivery	E120100_KY CORP-BS/OH	0	0
E1201	E120103	E12	E120103_KY CORP-Customer_Service	System delivery	E120103_KY CORP-Customer_Service	0	0
E1201	E120105	E12	E120105_KY CORP-Admin & Gen	System delivery	E120105_KY CORP-Admin & Gen	0	0
E1201	E120107	E12	E120107_KY CORP-Finance	System delivery	E120107_KY CORP-Finance	0	0
E1201	E120112	E12	E120112_CORP-Rates & Revenue	System delivery	E120112_CORP-Rates & Revenue	0	0
E1201	E120113	E12	E120113_KY CORP-Info_Systems	System delivery	E120113_KY CORP-Info_Systems	0	0
E1201	E120114	E12	E120114_KY CORP-Engineering	System delivery	E120114_KY CORP-Engineering	0	0
E1201	E120115	E12	E120115_KY CORP-Legal	System delivery	E120115_KY CORP-Legal	0	0
E1201	E120117	E12	E120117_KY CORP-Water Quality	System delivery	E120117_KY CORP-Water Quality	0	0
E1201	E120118	E12	E120118_KY CORP-Human Res	System delivery	E120118_KY CORP-Human Res	0	0
E1201	E120119	E12	E120119_KY CORP-Risk Mgmt	System delivery	E120119_KY CORP-Risk Mgmt	0	0
E1201	E120120	E12	E120120_KY CORP-Bus Dev	System delivery	E120120_KY CORP-Bus Dev	0	0
E1201	E120121	E12	E120121_KY CORP-Com Relations	System delivery	E120121_KY CORP-Com Relations	0	0
E1201	E120122	E12	E120122_KY CORP-Government_Rel	System delivery	E120122_KY CORP-Government_Relations	0	0
E1201	E120125	E12	E120125_KY CORP-Ext Affairs	System delivery	E120125_KY CORP-Ext Affairs	0	0
E1201	E1201BT	E12	E1201BT_KY CORP-Business_Transfo	System delivery	E1201BT_KY CORP-Business_Transformation	0	0
E12_I	E12_Inp	E12	E12_Input_KY Input	System delivery	E12_Input_KY Input	0	0
E1202	E120200	E12	E120200_CEN-BS/OH	System delivery	E120200_CEN-BS/OH	0	0
E1202	E120201	E12	E120201_CEN-Production	System delivery	E120201_CEN-Production	0	0
E1202	E120203	E12	E120203_CEN-Cust Service	System delivery	E120203_CEN-Cust Service	0	0
E1202	E120205	E12	E120205_CEN-Admin & Gen	System delivery	E120205_CEN-Admin & Gen	983927.8363	1041983.084
E1202	E120206	E12	E120206_CEN-Field Services	System delivery	E120206_CEN-Field Services	0	0
E1202	E120214	E12	E120214_CEN-Engineering	System delivery	E120214_CEN-Engineering	0	0
E1202	E120216	E12	E120216_CEN-Maint Services	System delivery	E120216_CEN-Maint Services	0	0
E1202	E120217	E12	E120217_CEN-Water Quality	System delivery	E120217_CEN-Water Quality	0	0
E1202	E120250	E12	E120250_CEN-Kentucky River St	System delivery	E120250_CEN-Kentucky River St	0	0
E1202	E120251	E12	E120251_CEN-Richmond Road St	System delivery	E120251_CEN-Richmond Road St	0	0
E1202	E120252	E12	E120252_CEN-Pool III WTP	System delivery	E120252_CEN-Pool III WTP	0	0
E1202	E120261	E12	E120261_MILL-Production	System delivery	E120261_MILL-Production	0	0
E1202	E120266	E12	E120266_MILL-Field Services	System delivery	E120266_MILL-Field Services	0	0
E1230	E123000	E12	E123000_NRTH-BS/OH	System delivery	E123000_NRTH-BS/OH	0	0
E1230	E123001	E12	E123001_NRTH-Production	System delivery	E123001_NRTH-Production	0	0
E1230	E123003	E12	E123003_NRTH-Cust Service	System delivery	E123003_NRTH-Cust Service	0	0
E1230	E123005	E12	E123005_NRTH-Admin & Gen	System delivery	E123005_NRTH-Admin & Gen	0	0
E1230	E123006	E12	E123006_NRTH-Field Services	System delivery	E123006_NRTH-Field Services	0	0
E1230	E123014	E12	E123014_NRTH-Engineering	System delivery	E123014_NRTH-Engineering	0	0
E1230	E123017	E12	E123017_NRTH-Water Quality	System delivery	E123017_NRTH-Water Quality	0	0
E1231	E123100	E12	E123100_ELK-BS/OH	System delivery	E123100_ELK-BS/OH	0	0
E1231	E123103	E12	E123103_ELK-Cust Service	System delivery	E123103_ELK-Cust Service	0	0
E1231	E123105	E12	E123105_ELK-Admin & Gen	System delivery	E123105_ELK-Admin & Gen	0	0
E1231	E123106	E12	E123106_ELK-Field Services	System delivery	E123106_ELK-Field Services	0	0
E1232	E123200	E12	E123200_OWN-BS/OH	System delivery	E123200_OWN-BS/OH	0	0
E1232	E123201	E12	E123201_OWN-Production	System delivery	E123201_OWN-Production	0	0
E1232	E123203	E12	E123203_OWN-Cust Service	System delivery	E123203_OWN-Cust Service	0	0
E1232	E123205	E12	E123205_OWN-Admin & Gen	System delivery	E123205_OWN-Admin & Gen	0	0
E1232	E123206	E12	E123206_OWN-Field Services	System delivery	E123206_OWN-Field Services	0	0
E1233	E123300	E12	E123300_OWNWW-BS/OH	System delivery	E123300_OWNWW-BS/OH	0	0
E1233	E123301	E12	E123301_OWNWW-Treatment	System delivery	E123301_OWNWW-Treatment	0	0
E1233	E123303	E12	E123303_OWNWW-Cust Service	System delivery	E123303_OWNWW-Cust Service	0	0
E1233	E123305	E12	E123305_OWNWW-Admin & Gen	System delivery	E123305_OWNWW-Admin & Gen	0	0
E1233	E123306	E12	E123306_OWNWW-Field Services	System delivery	E123306_OWNWW-Field Services	0	0
E1250	E125000	E12	E125000_RWWW-BS/OH	System delivery	E125000_RWWW-BS/OH	0	0
E1250	E125001	E12	E125001_RWWW-Treatment	System delivery	E125001_RWWW-Treatment	0	0

		Comprehensive ID	Comprehensive ID
		No_Project	No_Project
		Plan_PreClose	Plan_PreClose
		Working	Working
		2016	2016
		Total Movements	Total Movements
		TradingPartner	TradingPartner
		Nov	Dec

E1250	E125003	E12	E125003_RWWW-Cust Service	System delivery	E125003_RWWW-Cust Service	0	0
E1250	E125005	E12	E125005_RWWW-Admin & Gen	System delivery	E125005_RWWW-Admin & Gen	0	0
E1250	E125006	E12	E125006_RWWW-Field Services	System delivery	E125006_RWWW-Field Services	0	0
E1250	E125014	E12	E125014_RWWW-Engineering	System delivery	E125014_RWWW-Engineering	0	0
E1250	E125017	E12	E125017_RWWW-Water Quality	System delivery	E125017_RWWW-Water Quality	0	0
E1260	E126000	E12	E126000_MILLWW-BS/OH	System delivery	E126000_MILLWW-BS/OH	0	0
E1260	E126001	E12	E126001_MILLWW-Treatment	System delivery	E126001_MILLWW-Treatment	0	0
E1260	E126003	E12	E126003_MILLWW-Cust Service	System delivery	E126003_MILLWW-Cust Service	0	0
E1260	E126005	E12	E126005_MILLWW-Admin & Gen	System delivery	E126005_MILLWW-Admin & Gen	0	0
E1260	E126006	E12	E126006_MILLWW-Field Services	System delivery	E126006_MILLWW-Field Services	0	0
E12G_	E12G_Ke	E12	E12G_Kentucky Growth	System delivery	E12G_Kentucky Growth	0	0
E12	E12_Ken	E12	E12_Kentucky American	System delivery	E12_Kentucky American	983927.8363	1041983.084

State	Cost Center	CC	PC	1	2	3	4	5	6	7	8	9	10	11	12	Total	% of Profit Center	% of company
KY	120201 Total	1202XX	1202	2,257	1,963	1,780	1,532	1,966	2,426	2,459	2,872	3,994	6,019	5,506	4,219	36,993		0.3% Allocate across 3 plants
KY	120250 Total	120250	1202	631,689	516,998	512,287	546,037	728,237	661,893	785,287	670,721	554,649	508,046	575,096	539,433	7,230,373	51.64%	51.5%
KY	120251 Total	120251	1202	246,640	284,770	341,600	325,060	410,900	402,290	365,460	378,005	411,920	432,870	253,240	242,430	4,095,185	29.28%	29.2%
KY	120252 Total	120252	1202	299,952	255,420	218,099	198,012	67,100	208,329	262,305	272,654	250,261	196,899	178,241	210,727	2,617,999	19.08%	18.7%
KY	123001 Total	120252	1202	16,527	3,773	3,410	2,901	2,413	2,203	2,467	2,454	2,299	2,027	2,556	2,649	45,679		0.3% Plant decommissioned, picked up by 120252
<b>KY Total</b>				<b>1,197,065</b>	<b>1,062,924</b>	<b>1,077,176</b>	<b>1,073,542</b>	<b>1,210,615</b>	<b>1,277,142</b>	<b>1,417,978</b>	<b>1,326,706</b>	<b>1,223,123</b>	<b>1,145,861</b>	<b>1,014,639</b>	<b>999,458</b>	<b>14,026,229</b>		





**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 70.**     Reference the Kentucky American Water application. Regarding page 15, line 18 to page 16, line 4 of Ms. Bridwell's testimony, provide the underlying assumptions and calculations showing how the chemical expense adjustments were calculated. Include all excel files (if available). If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The chemical expense adjustments were calculated by determining the variance between the base year and the forecast year. Base year is comprised of 6 months of actual expense (May 2015 – October 2015) and 6 months of forecasted expense from the 2016 forecast. Please see Attachment 1 to see the 2016 forecast calculation. The 2016 forecast was calculated by starting with in some cases 2014 chemical usages and dividing it by 2014 system delivery to come up with a chemical dosage per thousand gallons of water produced. In other cases a two year average chemical dosage was utilized. The difference in dosage calculation methodology is due to additions or removals of chemicals used in the treatment process. This dosage was then multiplied by the 2016 forecasted system delivery to arrive at a 2016 forecasted chemical usage in units. The next step is to determine the 2016 price per unit. This was arrived at by taking the 2015 actual price per unit and multiplying it by an inflation factor that was determined by a contact in the corporate supply chain. The 2016 price per unit was then multiplied the 2016 forecasted chemical usage in units to arrive at 2016 forecasted expense.

Please note that the 2015 chemical budget in Attachment 1 does not agree to the amount in the base year due to adjustments over the course of 2015 that were not recalculated in the final budget.

Forecast year is calculated by combining the 2016 forecast and 2017 forecast for the forecast period of September 2016 to August 2017. The 2017 forecast is calculated in the same manner as the 2016 forecast with the following exception: The 2017 cost per unit is the 2016 price per unit multiplied by an inflation factor that was determined by a contact in the corporate supply chain. No adjustments were made to the 2016 dosage per thousand gallons of water produced. The dosage was then multiplied by 2017 system delivery to arrive at a 2017 forecasted chemical usage in units. The 2017 forecasted chemical usage in units was then multiplied by the 2017 cost per unit to arrive at the 2017 forecasted chemical expense. Please see Attachment 2 for the 2017 forecast calculations.

The adjustment between base year and forecast year is composed of two variances. The first variance is the different cost per chemical from the base year to the forecast year.

The second variance is the different system delivery from the base year to the forecast year. Please see workpaper 3-4 to see the amounts on a monthly basis.

KENTUCKY AMERICAN WATER  
2016 BUDGET COMPARISON  
TO 2015 BUDGET AND 2014 ACTUAL

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dec YTD
Draft State Base 2016 Chemical Budget	125,481.53	126,350.96	117,179.06	118,404.56	117,092.75	150,780.95	190,438.04	198,677.42	177,305.78	163,426.47	121,823.43	141,794.22	1,748,755.16
Final State Base 2015 Chemical Budget	115,583.04	97,947.30	108,901.94	122,195.08	128,572.59	143,087.64	173,793.88	170,869.59	133,758.85	107,689.61	118,704.49	112,585.84	1,533,689.85
Final State 2014 Actual Cost	140,301.15	155,136.48	105,783.91	104,494.76	145,676.98	133,509.10	136,300.62	189,178.95	166,990.73	174,220.28	96,985.83	107,021.71	1,655,600.50
2016 Budgeted System Delivery	1,006,381.09	985,559.51	1,082,796.80	1,019,587.34	1,167,331.71	1,245,402.83	1,371,688.64	1,287,294.47	1,152,032.17	1,153,548.37	993,207.84	1,051,365.08	13,516,195.84

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

Chemical	Part Number	SD Allocated to Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2016 Central District System Delivery - Budget			1,006,381.09	985,559.51	1,082,796.80	1,019,587.34	1,167,331.71	1,245,402.83	1,371,688.64	1,287,294.47	1,152,032.17
2015 Central District System Delivery - Budget			980,083.14	942,411.52	986,157.34	996,661.68	1,163,018.41	1,301,837.00	1,334,898.07	1,355,315.08	1,250,294.84
2014 Central District System Delivery - Actual			1,180,538.14	1,059,151.14	1,073,765.71	1,070,641.00	1,208,202.86	1,274,938.14	1,415,510.57	1,324,252.43	1,220,824.00
2013 Central District System Delivery - Actual			1,019,730.29	925,074.43	1,017,064.57	1,005,991.71	1,109,121.29	1,157,294.00	1,183,522.43	1,245,984.57	1,247,286.57

**Kentucky River Station (KRS) Plant:**

**2014 Monthly Chemical Usage in Units:**

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00	0.00	0.00	0.00	45,040.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,629.00	4,676.00	4,800.00	19,610.00	9,000.00	7,399.00	7,548.00	6,888.00	5,323.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		27,759.00	23,631.00	22,458.00	28,257.00	42,165.00	39,899.00	51,517.00	44,368.00	35,960.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,HFS ACID,23%,BULK	1200647		24,608.00	22,586.00	22,428.00	35,028.00	35,550.00	29,503.00	41,940.00	26,157.00	23,170.00
CHM,PACL,DELPC2020, BULK	1200702		236,908.00	266,852.00	142,406.00	158,742.00	213,064.00	121,877.00	199,475.00	315,361.00	250,300.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		39,419.00	22,128.00	25,592.00	21,121.00	31,186.00	29,767.00	34,089.00	25,938.00	25,834.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		15,261.00	14,003.00	10,402.00	11,755.00	17,338.00	13,760.00	16,427.00	14,495.00	13,856.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		4,700.00	4,350.00	2,500.00	3,200.00	1,400.00	1,850.00	1,950.00	1,650.00	2,300.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00	0.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		15,471.00	15,021.00	13,160.00	16,574.00	16,074.00	12,120.00	14,708.00	14,241.00	12,120.00

**Allocated 2014 System Delivery**

	52%	612,109.03	549,169.87	556,747.52	555,127.36	626,453.18	661,055.43	733,942.23	686,624.88	632,997.24
--	-----	------------	------------	------------	------------	------------	------------	------------	------------	------------

**2013 Monthly Chemical Usage in Units:**

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,631.00	5,862.00	6,173.00	5,048.00	5,308.00	5,879.00	6,506.00	7,021.00	6,162.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		31,744.00	26,584.00	29,200.00	28,904.00	30,522.00	37,322.00	41,285.00	41,555.00	40,988.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		102,828.00	31,334.00	0.00	0.00	0.00	0.00	0.00	0.00	157,568.00
CHM,HFS ACID,23%,BULK	1200647		27,564.00	24,868.00	29,150.00	29,298.00	26,382.00	29,429.00	26,436.00	31,555.00	24,686.00
CHM,PACL,DELPC2020, BULK	1200702		292,151.00	236,884.00	275,036.00	210,184.00	150,077.00	210,272.00	286,423.00	339,036.00	97,354.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		6,193.00	17,334.00	18,506.00	10,673.00	25,744.00	18,048.00	18,881.00	19,765.00	16,782.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		17,912.00	15,799.00	14,867.00	14,006.00	15,052.00	13,511.00	16,933.00	16,725.00	14,204.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3,250.00	2,400.00	2,700.00	3,700.00	2,150.00	2,600.00	2,900.00	2,750.00	2,600.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		5,334.00	6,536.00	0.00	0.00	0.00	0.00	2,874.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		68,388.00	49,907.00	45,323.00	58,613.00	42,769.00	68,067.00	61,665.00	58,223.00	42,722.00

**Allocated 2013 System Delivery**

	52%	528,730.15	479,651.09	527,347.98	521,606.70	575,079.39	600,056.94	613,656.38	646,043.00	646,718.09
--	-----	------------	------------	------------	------------	------------	------------	------------	------------	------------

**2-Year Average Chemical Usage in Units:**

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,520.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,630.00	5,269.00	5,486.50	12,329.00	7,154.00	6,639.00	7,027.00	6,954.50	5,742.50
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		29,751.50	25,107.50	25,829.00	28,580.50	36,343.50	38,610.50	46,401.00	42,961.50	38,474.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		51,414.00	15,667.00	0.00	0.00	0.00	0.00	0.00	0.00	78,784.00
CHM,HFS ACID,23%,BULK	1200647		26,086.00	23,727.00	25,789.00	32,163.00	30,966.00	29,466.00	34,188.00	28,856.00	23,928.00
CHM,PACL,DELPC2020, BULK	1200702		264,529.50	251,868.00	208,721.00	184,463.00	181,570.50	166,074.50	242,949.00	327,198.50	173,827.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		3,096.50	8,667.00	9,253.00	5,336.50	12,872.00	9,024.00	9,440.50	9,882.50	8,391.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		19,709.50	11,064.00	12,796.00	10,560.50	15,593.00	14,883.50	17,044.50	12,969.00	12,917.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		16,586.50	14,901.00	12,634.50	12,880.50	16,195.00	13,635.50	16,680.00	15,610.00	14,030.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3,975.00	3,375.00	2,600.00	3,450.00	1,775.00	2,225.00	2,425.00	2,200.00	2,450.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		2,667.00	3,268.00	0.00	0.00	0.00	0.00	1,437.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	0.00	0.00	0.00	0.00	800.00	0.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		41,929.50	32,464.00	29,241.50	37,593.50	29,421.50	40,093.50	38,186.50	36,232.00	27,421.00

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
<u>2-Year Average Allocated System Delivery</u>			570,419.59	514,410.48	542,047.75	538,367.03	600,766.28	630,556.18	673,799.31	666,333.94	639,857.67
<u>Historical Dosage per T-Gal Produced:</u>											
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0338	0.0000
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0099	0.0102	0.0101	0.0229	0.0119	0.0105	0.0104	0.0104	0.0090
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0522	0.0488	0.0477	0.0531	0.0605	0.0612	0.0689	0.0645	0.0601
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.0901	0.0305	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.1231
CHM,HFS ACID,23%,BULK	1200647		0.0457	0.0461	0.0476	0.0597	0.0515	0.0467	0.0507	0.0433	0.0374
CHM,PACL,DELPC2020, BULK	1200702		0.4637	0.4896	0.3851	0.3426	0.3022	0.2634	0.3606	0.4910	0.2717
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.0000	0.0000	0.0000	0.0054	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0054	0.0168	0.0171	0.0099	0.0214	0.0143	0.0140	0.0148	0.0131
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0346	0.0215	0.0236	0.0196	0.0260	0.0236	0.0253	0.0195	0.0202
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0291	0.0290	0.0233	0.0239	0.0270	0.0216	0.0248	0.0234	0.0219
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0070	0.0066	0.0048	0.0064	0.0030	0.0035	0.0036	0.0033	0.0038
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0047	0.0064	0.0000	0.0000	0.0000	0.0000	0.0021	0.0000	0.0000
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0012	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0735	0.0631	0.0539	0.0698	0.0490	0.0636	0.0567	0.0544	0.0429
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>											
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0656	0.0000
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0092	0.0096	0.0099	0.0222	0.0114	0.0100	0.0096	0.0101	0.0091
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0486	0.0457	0.0464	0.0515	0.0580	0.0584	0.0632	0.0626	0.0608
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.0840	0.0285	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.1245
CHM,HFS ACID,23%,BULK	1200647		0.0426	0.0432	0.0463	0.0579	0.0494	0.0446	0.0466	0.0420	0.0378
CHM,PACL,DELPC2020, BULK	1200702		0.4322	0.4586	0.3749	0.3323	0.2898	0.2512	0.3310	0.4765	0.2746
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0644	0.0403	0.0460	0.0380	0.0498	0.0450	0.0464	0.0378	0.0408
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0271	0.0271	0.0227	0.0232	0.0259	0.0206	0.0227	0.0227	0.0222
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0065	0.0061	0.0047	0.0062	0.0028	0.0034	0.0033	0.0032	0.0039
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0023	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>											
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222									(0.0656)	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557										
CHM,CHLORINE,100%,2000LB CYLINDER	1200597										
CHM,FERRIC,CHLORID,38%,BULK	1200612										
CHM,HFS ACID,23%,BULK	1200647										
CHM,PACL,DELPC2020, BULK	1200702										
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341										
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281										
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		(0.0644)	(0.0403)	(0.0460)	(0.0380)	(0.0498)	(0.0450)	(0.0464)	(0.0378)	(0.0408)
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761										
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900										
CHM,SODIUM HYDROXIDE,50%,BULK	1200928										
CHM,SODIUM PERMANGANATE,20%,50GA	1200876							0.0450	0.0464	0.0378	0.0408
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956										
Ortho/Poly 50/50	Not Created		0.0549	0.0549	0.0549	0.0549	0.0549	0.0549	0.0549	0.0549	0.0549
New Chemical #2											
New Chemical #3											
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>											
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0092	0.0096	0.0099	0.0222	0.0114	0.0100	0.0096	0.0101	0.0091
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0486	0.0457	0.0464	0.0515	0.0580	0.0584	0.0632	0.0626	0.0608









KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
2016 Central District System Delivery - Budget			1,153,548.37	993,207.84	1,051,365.08	13,516,195.84
2015 Central District System Delivery - Budget			1,139,569.79	970,664.77	998,059.83	13,418,971.48
2014 Central District System Delivery - Actual			1,143,834.00	1,012,083.00	996,809.14	13,980,550.14
2013 Central District System Delivery - Actual			1,133,795.29	985,766.43	1,003,560.71	13,034,192.28

**Kentucky River Station (KRS) Plant:**

2014 Monthly Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	45,040.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,480.00	5,504.00	5,802.00	87,659.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		32,165.00	30,359.00	24,442.00	402,980.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.00	0.00	0.00	0.00
CHM,HFS ACID,23%,BULK	1200647		22,458.00	24,835.00	23,195.00	331,458.00
CHM,PACL,DELPC2020, BULK	1200702		233,297.00	172,136.00	172,321.00	2,482,739.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		19,697.00	25,163.00	19,344.00	319,278.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		11,051.00	12,623.00	8,938.00	159,909.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		1,400.00	2,200.00	1,500.00	29,000.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	1,600.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		24,112.00	26,525.00	21,474.00	201,600.00

Allocated 2014 System Delivery

52% 593,077.93 524,765.04 516,845.54 7,248,915.25

2013 Monthly Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		6,175.00	5,558.00	5,066.00	70,389.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		37,719.00	34,481.00	28,135.00	408,439.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		76,332.00	77,152.00	14,320.00	459,534.00
CHM,HFS ACID,23%,BULK	1200647		28,641.00	23,234.00	23,087.00	324,330.00
CHM,PACL,DELPC2020, BULK	1200702		134,620.00	269,830.00	251,297.00	2,753,164.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	5,800.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		17,989.00	4,936.00	0.00	174,851.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	14,852.00	21,550.00	36,402.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		17,524.00	14,337.00	16,465.00	187,335.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		4,750.00	3,650.00	4,050.00	37,500.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	14,744.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	0.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		52,854.00	26,613.00	31,148.00	606,292.00

Allocated 2013 System Delivery

52% 587,872.86 511,119.89 520,346.23 6,758,228.70

2-Year Average Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	22,520.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,827.50	5,531.00	5,434.00	79,024.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		34,942.00	32,420.00	26,288.50	405,709.50
CHM,FERRIC,CHLORID,38%,BULK	1200612		38,166.00	38,576.00	7,160.00	229,767.00
CHM,HFS ACID,23%,BULK	1200647		25,549.50	24,034.50	23,141.00	327,894.00
CHM,PACL,DELPC2020, BULK	1200702		183,958.50	220,983.00	211,809.00	2,617,951.50
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	2,900.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		8,994.50	2,468.00	0.00	87,425.50
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		9,848.50	20,007.50	20,447.00	177,840.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		14,287.50	13,480.00	12,701.50	173,622.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3,075.00	2,925.00	2,775.00	33,250.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	7,372.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	800.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		38,483.00	26,569.00	26,311.00	403,946.00

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
<u>2-Year Average Allocated System Delivery</u>			590,475.39	517,942.46	518,595.89	7,003,571.97
<u>Historical Dosage per T-Gal Produced:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0099	0.0107	0.0105	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0592	0.0626	0.0507	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.0646	0.0745	0.0138	
CHM,HFS ACID,23%,BULK	1200647		0.0433	0.0464	0.0446	
CHM,PACL,DELPC2020, BULK	1200702		0.3115	0.4267	0.4084	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0152	0.0048	0.0000	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0167	0.0386	0.0394	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0242	0.0260	0.0245	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0052	0.0056	0.0054	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000	0.0000	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0000	0.0000	0.0000	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0652	0.0513	0.0507	
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0098	0.0105	0.0105	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0589	0.0618	0.0509	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.0644	0.0735	0.0139	
CHM,HFS ACID,23%,BULK	1200647		0.0431	0.0458	0.0448	
CHM,PACL,DELPC2020, BULK	1200702		0.3102	0.4211	0.4098	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0332	0.0480	0.0374	0.0439
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0241	0.0257	0.0246	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0052	0.0056	0.0054	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000	0.0000	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0000	0.0000	0.0000	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0000	0.0000	0.0000	
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557					
CHM,CHLORINE,100%,2000LB CYLINDER	1200597					
CHM,FERRIC,CHLORID,38%,BULK	1200612					
CHM,HFS ACID,23%,BULK	1200647					
CHM,PACL,DELPC2020, BULK	1200702					
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341					
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281					
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		(0.0332)	(0.0480)	(0.0374)	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761					
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900					
CHM,SODIUM HYDROXIDE,50%,BULK	1200928					
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0332			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956					
Ortho/Poly 50/50	Not Created		0.0549	0.0549	0.0549	
New Chemical #2						
New Chemical #3						
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0098	0.0105	0.0105	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0589	0.0618	0.0509	

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	Part <u>Number</u>	SD Allocated <u>to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.0644	0.0735	0.0139	
CHM,HFS ACID,23%,BULK	1200647		0.0431	0.0458	0.0448	
CHM,PACL,DELPC2020, BULK	1200702		0.3102	0.4211	0.4098	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0241	0.0257	0.0246	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0052	0.0056	0.0054	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000	0.0000	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0332	0.0000	0.0000	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0000	0.0000	0.0000	
Ortho/Poly 50/50			0.0549	0.0549	0.0549	
New Chemical #2			0.0000	0.0000	0.0000	
New Chemical #3			0.0000	0.0000	0.0000	
<b>2016 Budgeted System Delivery</b>		<b>52%</b>	<b>598,114.83</b>	<b>514,978.26</b>	<b>545,132.80</b>	<b>7,008,147.54</b>
<b>2016 Budgeted Chemical Usage in Units:</b>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,876.99	5,427.85	5,731.41	76,398.30
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		35,238.76	31,815.37	27,727.28	392,633.90
CHM,FERRIC,CHLORID,38%,BULK	1200612		38,490.14	37,856.56	7,551.87	216,650.86
CHM,HFS ACID,23%,BULK	1200647		25,766.49	23,586.26	24,407.52	317,173.41
CHM,PACL,DELPC2020, BULK	1200702		185,520.83	216,861.71	223,401.43	2,526,982.44
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		14,408.84	13,228.60	13,396.66	167,590.58
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3,101.12	2,870.45	2,926.88	32,023.77
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		19,864.28	0.00	0.00	133,123.10
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	0.00	0.00	0.00
Ortho/Poly 50/50			32,842.85	28,277.77	29,933.58	384,821.67
New Chemical #2			0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00
<b>2015 Actual Price per Unit:</b>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.1800	0.1800	0.1800	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.5833	0.5833	0.5833	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1749	0.1749	0.1749	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.1000	0.1000	0.1000	
CHM,HFS ACID,23%,BULK	1200647		0.2265	0.2265	0.2265	
CHM,PACL,DELPC2020, BULK	1200702		0.1297	0.1297	0.1297	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.5200	0.5200	0.5200	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100	0.4100	0.4100	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400	0.3400	0.3400	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280	0.3280	0.3280	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1545	0.1545	0.1545	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1398	0.1398	0.1398	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.9800	0.9800	0.9800	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.2128	0.2128	0.2128	
New Chemical #1						
New Chemical #2						
New Chemical #3						
<b>2016 Price Increase (Decrease) per Supply Chain:</b>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2.00%	2.00%	2.00%	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3.00%	3.00%	3.00%	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		3.00%	3.00%	3.00%	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.00%	0.00%	0.00%	
CHM,HFS ACID,23%,BULK	1200647		1.00%	1.00%	1.00%	
CHM,PACL,DELPC2020, BULK	1200702		3.00%	3.00%	3.00%	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00%	0.00%	0.00%	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00%	0.00%	0.00%	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00%	0.00%	0.00%	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00%	0.00%	0.00%	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3.00%	3.00%	3.00%	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		2.00%	2.00%	2.00%	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		3.00%	3.00%	3.00%	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		3.00%	3.00%	3.00%	
New Chemical #1						
New Chemical #2						
New Chemical #3						
<u>2016 Budget Price per Unit:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.1836	0.1836	0.1836	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.6008	0.6008	0.6008	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1802	0.1802	0.1802	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.1000	0.1000	0.1000	
CHM,HFS ACID,23%,BULK	1200647		0.2288	0.2288	0.2288	
CHM,PACL,DELPC2020, BULK	1200702		0.1336	0.1336	0.1336	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.5200	0.5200	0.5200	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100	0.4100	0.4100	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400	0.3400	0.3400	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280	0.3280	0.3280	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1592	0.1592	0.1592	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1426	0.1426	0.1426	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		1.0094	1.0094	1.0094	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.2191	0.2191	0.2191	
Ortho/Poly 50/50			0.3800	0.3800	0.3800	
New Chemical #2			0.0000	0.0000	0.0000	
New Chemical #3			0.0000	0.0000	0.0000	
<u>2016 Budget Expense in Dollars:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3,530.69	3,260.86	3,443.23	45,897.40
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		6,349.77	5,732.90	4,996.26	70,749.84
CHM,FERRIC,CHLORID,38%,BULK	1200612		3,849.01	3,785.66	755.19	21,665.09
CHM,HFS ACID,23%,BULK	1200647		5,894.62	5,395.85	5,583.73	72,559.99
CHM,PACL,DELPC2020, BULK	1200702		24,784.63	28,971.62	29,845.29	337,591.94
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		4,726.16	4,339.04	4,394.16	54,970.41
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		493.59	456.87	465.86	5,097.06
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		20,051.01	0.00	0.00	134,374.46
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	0.00	0.00	0.00
Ortho/Poly 50/50			12,480.28	10,745.55	11,374.76	146,232.24
New Chemical #2			0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00

KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
 COST CENTER #120250  
 2016 CHEMICALS BUDGET

Chemical	Part Number	SD Allocated to Plant	Oct	Nov	Dec	YTD
<b>CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET</b>			<b>82,159.77</b>	<b>62,688.35</b>	<b>60,858.46</b>	<b>889,138.41</b>
CENTRAL DISTRICT - KY RIVER STATION PLANT 2015 CHEMICAL BUDGET			45,648.78	39,565.94	37,210.13	592,141.91
CENTRAL DISTRICT - KY RIVER STATION PLANT 2014 ACTUAL COST			65,134.07	39,698.94	45,284.30	682,338.74
Cost per 1000 gallons - 2016 Chemical Budget			0.1374	0.1217	0.1116	0.1269
Cost per 1000 gallons - 2015 Chemical Budget			0.0773	0.0786	0.0719	0.0851
Cost per 1000 gallons - 2014 Actual Cost			0.1098	0.0757	0.0876	0.0941

2016 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	2.00%	2.00%	2.00%
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	3.00%	3.00%	3.00%
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	3.00%	3.00%	3.00%
CHM,FERRIC,CHLORID,38%,BULK	1200612	0.00%	0.00%	0.00%
CHM,HFS ACID,23%,BULK	1200647	2.00%	2.00%	2.00%
CHM,PACL,DELPC2020, BULK	1200702	3.00%	3.00%	3.00%
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	0.00%	0.00%	0.00%
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	3.00%	3.00%	3.00%
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	3.00%	3.00%	3.00%
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	2.00%	2.00%	2.00%
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	3.00%	3.00%	3.00%
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	2.00%	2.00%	2.00%
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	3.00%	3.00%	3.00%
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	3.00%	3.00%	3.00%
New Chemical #1				
New Chemical #2				
New Chemical #3				

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
2016 Central District System Delivery - Budget			Updated for 2016 Budgeted SD entered into hyperion as of May 29
2015 Central District System Delivery - Budget			Budgeted 2015 District Total System Delivery in T-gal
2014 Central District System Delivery - Actual			Actual 2014 District Total System Delivery in T-gal
2013 Central District System Delivery - Actual			Actual 2013 District Total System Delivery in T-gal
<b><u>Kentucky River Station (KRS) Plant:</u></b>			
<u>2014 Monthly Chemical Usage in Units:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Actual 2014 Chemicals used in units (lbs./gal) by month
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
<u>Allocated 2014 System Delivery</u>		52%	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2013 Monthly Chemical Usage in Units:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Actual 2013 Chemicals used in units (lbs./gal) by month
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
<u>Allocated 2013 System Delivery</u>		52%	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2-Year Average Chemical Usage in Units:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2013/2014 average chemicals used in units (lbs./gal) by month
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>	
<u>2-Year Average Allocated System Delivery</u>		2013/2014 average system delivery allocated to plant by month		
<u>Historical Dosage per T-Gal Produced:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2-year average chemical usage in units / 2-year average allocated system delivery	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222			Historical Dosage per T-Gal Produced above with following modifications: Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancy:
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Production Dept. Revisions to Budgeted Dosage in Rows 86-99 (Document explanation for adjustments):	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
Ortho/Poly 50/50	Not Created			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Final Budgeted Dosage per T-Gal after revisions input by Production Department	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2016 Budgeted System Delivery</u>		52%	Current Placeholder - will be updated when revenue budget is completed
<u>2016 Budgeted Chemical Usage in Units:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Final 2016 Budgeted Chemicals in Units (lbs./gal.)
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2015 Actual Price per Unit:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Actual current year price per unit incurred by facility
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
New Chemical #1			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
<u>2016 Price Increase (Decrease) per Supply Chain:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2016 Price Increases per Guidance Provided by Supply Chain.



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
New Chemical #1			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
<u>2016 Budget Price per Unit:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	2016 Budgeted Price per Chemical After Price Increase Assumption	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2016 Budget Expense in Dollars:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
<b>CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET</b>			<b>Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)</b>

CENTRAL DISTRICT - KY RIVER STATION PLANT 2015 CHEMICAL BUDGET  
CENTRAL DISTRICT - KY RIVER STATION PLANT 2014 ACTUAL COST

Cost per 1000 gallons - 2016 Chemical Budget  
Cost per 1000 gallons - 2015 Chemical Budget  
Cost per 1000 gallons - 2014 Actual Cost

2016 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	2016 Price Increases per Guidance Provided by Supply Chain.
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

New Chemical #1  
New Chemical #2  
New Chemical #3

If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.  
If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.  
If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
2016 Central District System Delivery - Budget		
2015 Central District System Delivery - Budget		
2014 Central District System Delivery - Actual		
2013 Central District System Delivery - Actual		
<b><u>Kentucky River Station (KRS) Plant:</u></b>		
<u>2014 Monthly Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>Allocated 2014 System Delivery</u>		52%
<u>2013 Monthly Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>Allocated 2013 System Delivery</u>		52%
<u>2-Year Average Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
<u>2-Year Average Allocated System Delivery</u>		
<u>Historical Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	; in dosages
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	; in dosages
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	; in dosages
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	; in dosages
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	; in dosages
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	; in dosages
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
Ortho/Poly 50/50	Not Created	
New Chemical #2		
New Chemical #3		
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Ortho/Poly 50/50  
New Chemical #2  
New Chemical #3

2016 Budgeted System Delivery 52%

2016 Budgeted Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Ortho/Poly 50/50  
New Chemical #2  
New Chemical #3

2015 Actual Price per Unit:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

New Chemical #1  
New Chemical #2  
New Chemical #3

2016 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
--	---------	--

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

New Chemical #1  
New Chemical #2  
New Chemical #3

2016 Budget Price per Unit:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,FERRIC,CHLORID,38%,BULK	1200612
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,50GA	1200876
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

Ortho/Poly 50/50  
New Chemical #2  
New Chemical #3

2016 Budget Expense in Dollars:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,FERRIC,CHLORID,38%,BULK	1200612
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,50GA	1200876
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

Ortho/Poly 50/50  
New Chemical #2  
New Chemical #3

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
<b>CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET</b>		

CENTRAL DISTRICT - KY RIVER STATION PLANT 2015 CHEMICAL BUDGET  
CENTRAL DISTRICT - KY RIVER STATION PLANT 2014 ACTUAL COST

Cost per 1000 gallons - 2016 Chemical Budget  
Cost per 1000 gallons - 2015 Chemical Budget  
Cost per 1000 gallons - 2014 Actual Cost

2016 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,FERRIC,CHLORID,38%,BULK	1200612
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,50GA	1200876
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

New Chemical #1  
New Chemical #2  
New Chemical #3

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

Chemical	Part Number	SD Allocated to Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
2016 Central District System Delivery - Budget			1,006,381.09	985,559.51	1,082,796.80	1,019,587.34	1,167,331.71	1,245,402.83	1,371,688.64	1,287,294.47	1,152,032.17	1,153,548.37
2015 Central District System Delivery - Budget			980,083.14	942,411.52	986,157.34	996,661.68	1,163,018.41	1,301,837.00	1,334,898.07	1,355,315.08	1,250,294.84	1,139,569.79
2014 Central District System Delivery - Actual			1,180,538.14	1,059,151.14	1,073,765.71	1,070,641.00	1,208,202.86	1,274,938.14	1,415,510.57	1,324,252.43	1,220,824.00	1,143,834.00
2013 Central District System Delivery - Actual			1,019,730.29	925,074.43	1,017,064.57	1,005,991.71	1,109,121.29	1,157,294.00	1,183,522.43	1,245,984.57	1,247,286.57	1,133,795.29

**Richmond Road Station (RRS) Plant:**

2014 Monthly Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	1,137.00	1,836.00	2,434.00	15,397.00	2,819.00	2,752.00	2,336.00	5,604.00	3,019.00	3,619.00
CHM,CARBON,PAC LIGNITE,900LB	1200585	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,CARBON,PAC WOOD BASED,750LB	1200588	0.00	0.00	1,200.00	750.00	0.00	200.00	750.00	750.00	200.00	200.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	14,088.00	18,186.00	19,546.00	21,339.00	21,440.00	21,722.00	23,063.00	25,515.00	26,556.00	22,717.00
CHM,HFS ACID,23%,BULK	1200647	9,537.00	10,529.00	8,882.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,HFS ACID,23%,MINI BULK	1200648	0.00	0.00	4,061.00	15,659.00	18,794.00	18,856.00	16,131.00	16,120.00	18,800.00	19,323.00
CHM,PACL,DELPC2020, BULK	1200702	132,989.00	197,321.00	162,382.00	142,893.00	140,894.00	158,018.00	146,345.00	229,353.00	270,230.00	304,904.00
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	0.00	0.00	8,587.00	16,929.00	16,844.00	18,488.00	15,285.00	16,001.00	16,108.00	17,639.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	491.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	8,952.00	12,454.00	6,114.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	440.00	550.00	440.00	150.00	1,170.00	495.00	660.00	770.00	935.00	825.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	4,782.00	4,851.00	5,527.00	5,068.00	5,156.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	0.00	0.00	0.00	0.00	345.00	6,968.00	6,562.00	4,607.00	4,732.00	4,645.00
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	411.00	739.00	1,350.00	50.00	650.00	500.00	1,050.00	400.00	900.00	600.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.00	0.00	0.00	0.00	0.00	0.00	926.00	278.00	198.00	6.00
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	10,870.00	11,335.00	4,979.00	7,654.00	1,938.00	4,054.00	2,374.00	8,403.00	9,762.00	7,974.00
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	1,750.00	1,200.00	1,750.00	1,750.00	1,550.00	1,200.00	1,650.00	1,400.00	1,650.00	1,500.00

Allocated 2014 System Delivery

29%	346,724.05	311,072.69	315,364.99	314,447.26	354,849.18	374,449.33	415,735.45	388,932.94	358,556.01	335,944.05
-----	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

2013 Monthly Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	2,208.00	895.00	1,600.00	223.00	1,968.00	3,681.00	2,961.00	6,123.00	2,850.00	2,236.00
CHM,CARBON,PAC LIGNITE,900LB	1200585	0.00	0.00	0.00	0.00	0.00	0.00	900.00	380.00	2,000.00	0.00
CHM,CARBON,PAC WOOD BASED,750LB	1200588	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	10,076.00	8,901.00	10,636.00	14,401.00	18,882.00	23,283.00	37,202.00	28,997.00	29,001.00	21,394.00
CHM,HFS ACID,23%,BULK	1200647	5,910.00	3,955.00	4,921.00	7,541.00	12,139.00	13,788.00	15,796.00	14,352.00	16,541.00	12,166.00
CHM,HFS ACID,23%,MINI BULK	1200648	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PACL,DELPC2020, BULK	1200702	102,058.00	58,099.00	69,785.00	111,216.00	167,402.00	147,292.00	260,057.00	208,763.00	150,640.00	121,741.00
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	0.00	0.00	0.00	0.00	0.00	151.00	12,101.00	7,374.00	7,272.00	8,259.00
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	2,834.00	1,951.00	2,203.00	3,290.00	2,591.00	4,695.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	495.00	330.00	275.00	330.00	605.00	660.00	385.00	605.00	550.00	220.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	7,648.00	2,387.00	2,585.00	2,692.00	5,205.00	2,645.00	5,802.00	1,379.00	3,454.00	3,475.00
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	1,430.00	880.00	1,100.00	1,732.00	0.00	0.00	2,044.00	1,044.00	1,705.00	4,015.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	779.00	801.00	600.00	700.00	1,000.00	950.00	900.00	350.00	1,050.00	350.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	2,775.00	2,000.00	1,550.00	1,500.00	2,000.00	1,300.00	2,150.00	1,650.00	1,450.00	1,450.00

Allocated 2013 System Delivery

29%	299,494.78	271,694.36	298,711.86	295,459.77	325,748.92	339,897.25	347,600.54	365,945.67	366,328.07	332,995.68
-----	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

2-Year Average Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	1,672.50	1,365.50	2,017.00	7,810.00	2,393.50	3,216.50	2,648.50	5,863.50	2,934.50	2,927.50
CHM,CARBON,PAC LIGNITE,900LB	1200585	0.00	0.00	0.00	0.00	0.00	0.00	450.00	190.00	1,000.00	0.00



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.00	0.00	600.00	375.00	0.00	100.00	375.00	375.00	100.00	100.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		12,082.00	13,543.50	15,091.00	17,870.00	20,161.00	22,502.50	30,132.50	27,256.00	27,778.50	22,055.50
CHM,HFS ACID,23%,BULK	1200647		7,723.50	7,242.00	6,901.50	3,770.50	6,069.50	6,894.00	7,898.00	7,176.00	8,270.50	6,083.00
CHM,HFS ACID,23%,MINI BULK	1200648		0.00	0.00	2,030.50	7,829.50	9,397.00	9,428.00	8,065.50	8,060.00	9,400.00	9,661.50
CHM,PACL,DELPC2020, BULK	1200702		117,523.50	127,710.00	116,083.50	127,054.50	154,148.00	152,655.00	203,201.00	219,058.00	210,435.00	213,322.50
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	4,293.50	8,464.50	8,422.00	9,244.00	7,642.50	8,000.50	8,054.00	8,819.50
CHM,PHOSPHATE,ORTH,POLY,CEDAR CLEAR 417	1201281		245.50	0.00	0.00	0.00	0.00	75.50	6,050.50	3,687.00	3,636.00	4,129.50
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		1,417.00	975.50	1,101.50	1,645.00	1,295.50	2,347.50	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		4,476.00	6,227.00	3,057.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		467.50	440.00	357.50	240.00	887.50	577.50	522.50	687.50	742.50	522.50
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		6,215.00	3,619.00	4,056.00	3,880.00	5,180.50	1,322.50	2,901.00	689.50	1,727.00	1,737.50
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00	0.00	0.00	0.00	172.50	3,484.00	3,281.00	2,303.50	2,366.00	2,322.50
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		715.00	440.00	550.00	866.00	0.00	0.00	1,022.00	522.00	852.50	2,007.50
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		595.00	770.00	975.00	375.00	825.00	725.00	975.00	375.00	975.00	475.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00	0.00	0.00	463.00	139.00	99.00	3.00
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		5,435.00	5,667.50	2,489.50	3,827.00	969.00	2,027.00	1,187.00	4,201.50	4,881.00	3,987.00
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		2,262.50	1,600.00	1,650.00	1,625.00	1,775.00	1,250.00	1,900.00	1,525.00	1,550.00	1,475.00
<b>2-Year Average Allocated System Delivery</b>			<b>323,109.42</b>	<b>291,383.53</b>	<b>307,038.43</b>	<b>304,953.51</b>	<b>340,299.05</b>	<b>357,173.29</b>	<b>381,668.00</b>	<b>377,439.30</b>	<b>362,442.04</b>	<b>334,469.86</b>
<b>Historical Dosage per T-Gal Produced:</b>												
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0052	0.0047	0.0066	0.0256	0.0070	0.0090	0.0069	0.0155	0.0081	0.0088
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0012	0.0005	0.0028	0.0000
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0000	0.0000	0.0020	0.0012	0.0000	0.0003	0.0010	0.0010	0.0003	0.0003
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0374	0.0465	0.0492	0.0586	0.0592	0.0630	0.0789	0.0722	0.0766	0.0659
CHM,HFS ACID,23%,BULK	1200647		0.0239	0.0249	0.0225	0.0124	0.0178	0.0193	0.0207	0.0190	0.0228	0.0182
CHM,HFS ACID,23%,MINI BULK	1200648		0.0000	0.0000	0.0066	0.0257	0.0276	0.0264	0.0211	0.0214	0.0259	0.0289
CHM,PACL,DELPC2020, BULK	1200702		0.3637	0.4383	0.3781	0.4166	0.4530	0.4274	0.5324	0.5804	0.5806	0.6378
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0000	0.0000	0.0140	0.0278	0.0247	0.0259	0.0200	0.0212	0.0222	0.0264
CHM,PHOSPHATE,ORTH,POLY,CEDAR CLEAR 417	1201281		0.0008	0.0000	0.0000	0.0000	0.0000	0.0002	0.0159	0.0098	0.0100	0.0123
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0044	0.0033	0.0036	0.0054	0.0038	0.0066	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0139	0.0214	0.0100	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0014	0.0015	0.0012	0.0008	0.0026	0.0016	0.0014	0.0018	0.0020	0.0016
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0192	0.0124	0.0132	0.0127	0.0152	0.0037	0.0076	0.0018	0.0048	0.0052
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0000	0.0000	0.0000	0.0000	0.0005	0.0098	0.0086	0.0061	0.0065	0.0069
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0022	0.0015	0.0018	0.0028	0.0000	0.0000	0.0027	0.0014	0.0024	0.0060
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0018	0.0026	0.0032	0.0012	0.0024	0.0020	0.0026	0.0010	0.0027	0.0014
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0012	0.0004	0.0003	0.0000
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0168	0.0195	0.0081	0.0125	0.0028	0.0057	0.0031	0.0111	0.0135	0.0119
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0070	0.0055	0.0054	0.0053	0.0052	0.0035	0.0050	0.0040	0.0043	0.0044
<b>2016 BRIR Budgeted Dosage per T-Gal Produced:</b>												
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0048	0.0044	0.0064	0.0248	0.0067	0.0086	0.0064	0.0151	0.0082	0.0087
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0000	0.0000	0.0019	0.0012	0.0000	0.0003	0.0009	0.0010	0.0003	0.0003
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0348	0.0435	0.0479	0.0568	0.0568	0.0601	0.0725	0.0701	0.0775	0.0657
CHM,HFS ACID,23%,BULK	1200647		0.0223	0.0233	0.0219	0.0120	0.0171	0.0184	0.0190	0.0185	0.0231	0.0181
CHM,HFS ACID,23%,MINI BULK	1200648		0.0000	0.0000	0.0064	0.0249	0.0252	0.0194	0.0207	0.0207	0.0262	0.0288
CHM,PACL,DELPC2020, BULK	1200702		0.3390	0.4105	0.3681	0.4041	0.4344	0.4077	0.4888	0.5632	0.5869	0.6350
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0000	0.0000	0.0272	0.0538	0.0475	0.0494	0.0368	0.0411	0.0449	0.0525
CHM,PHOSPHATE,ORTH,POLY,CEDAR CLEAR 417	1201281		0.0014	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0129	0.0200	0.0097	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0138	0.0156	0.0175	0.0161	0.0145	0.0000	0.0000	0.0000	0.0000	0.0000







KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
 COST CENTER #120251  
 2016 CHEMICALS BUDGET

Chemical	Part Number	SD Allocated to Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		1,337.12	1,480.59	1,828.13	1,583.06	1,633.98	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00	0.00	0.00	0.00	168.63	3,443.46	3,216.96	2,265.64	2,259.03	2,369.87
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		80.73	114.04	156.50	56.84	126.87	112.72	150.39	58.02	146.45	76.25
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00	0.00	0.00	127.93	38.53	26.64	0.86
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		8,614.39	9,805.26	4,667.58	6,776.13	1,740.69	3,681.43	2,138.63	7,593.71	8,563.73	7,475.87
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50/50 Polyphosphate			7,892.46	7,729.17	8,491.75	7,996.03	9,154.71	9,766.97	10,757.36	10,095.50	9,034.72	9,046.61
New Chemical #2			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2016 CHEMICAL BUDGET</b>			<b>35,783.76</b>	<b>39,842.89</b>	<b>37,681.51</b>	<b>42,416.20</b>	<b>40,050.93</b>	<b>45,324.10</b>	<b>51,907.59</b>	<b>59,111.06</b>	<b>55,402.41</b>	<b>56,187.20</b>
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2015 CHEMICAL BUDGET			50,146.14	41,750.22	44,861.37	54,306.15	52,098.82	58,311.67	63,885.69	59,524.62	55,074.56	43,108.81
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2014 ACTUAL COST			37,752.52	48,641.45	53,520.29	42,766.09	67,443.63	45,653.52	41,137.30	71,431.86	64,576.38	85,749.95
Cost per 1000 gallons - 2016 Chemical Budget			0.1211	0.1376	0.1185	0.1416	0.1168	0.1239	0.1288	0.1563	0.1637	0.1658
Cost per 1000 gallons - 2015 Chemical Budget			0.1742	0.1508	0.1549	0.1855	0.1525	0.1525	0.1629	0.1495	0.1500	0.1288
Cost per 1000 gallons - 2014 Actual Cost			0.1089	0.1564	0.1697	0.1360	0.1901	0.1219	0.0990	0.1837	0.1801	0.2553

Note: Approximately \$55k of chemicals purchased form Aquatic Control, Inc. (Algimycin Application?) were paid on invoices and are not reflected in the above chemical usage amounts.

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
2016 Central District System Delivery - Budget			993,207.84	1,051,365.08	13,516,195.84	Updated for 2016 Budgeted SD entered into hyperion as of May 29
2015 Central District System Delivery - Budget			970,664.77	998,059.83	13,418,971.48	Budgeted 2015 District Total System Delivery in T-gal
2014 Central District System Delivery - Actual			1,012,083.00	996,809.14	13,980,550.14	Actual 2014 District Total System Delivery in T-gal
2013 Central District System Delivery - Actual			985,766.43	1,003,560.71	13,034,192.28	Actual 2013 District Total System Delivery in T-gal
<b>Richmond Road Station (RRS) Plant:</b>						
<u>2014 Monthly Chemical Usage in Units:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		1,766.00	3,141.00	45,860.00	Actual 2014 Chemicals used in units (lbs./gal) by month
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	0.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		200.00	1,206.45	5,456.45	Left blank in template.
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		14,205.00	28,436.00	256,813.00	
CHM,HFS ACID,23%,BULK	1200647		0.00	0.00	28,948.00	
CHM,HFS ACID,23%,MINI BULK	1200648		12,912.00	24,664.00	165,320.00	
CHM,PACL,DELPC2020, BULK	1200702		124,736.00	241,526.00	2,251,591.00	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		11,500.00	21,922.00	159,303.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	491.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	27,520.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		550.00	990.00	7,975.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00	0.00	25,384.00	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		5,170.00	10,742.00	43,771.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		950.00	1,300.00	8,900.00	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	1,408.00	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		7,688.00	15,057.00	92,088.00	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		1,550.00	2,850.00	19,800.00	
<u>Allocated 2014 System Delivery</u>		29%	297,248.78	292,762.85	4,106,087.58	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2013 Monthly Chemical Usage in Units:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		1,998.00	8,571.00	35,314.00	Actual 2013 Chemicals used in units (lbs./gal) by month
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	3,280.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.00	4,800.00	4,800.00	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		13,064.00	13,322.00	229,159.00	
CHM,HFS ACID,23%,BULK	1200647		7,671.00	7,843.00	122,623.00	
CHM,HFS ACID,23%,MINI BULK	1200648		0.00	0.00	0.00	
CHM,PACL,DELPC2020, BULK	1200702		116,956.00	113,945.00	1,627,954.00	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		6,454.00	6,807.00	48,418.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	17,564.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		605.00	110.00	5,170.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		3,524.00	3,638.00	44,434.00	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00	0.00	0.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		550.00	1,980.64	16,480.64	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		800.00	850.00	9,130.00	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.00	2,835.00	2,835.00	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		1,400.00	1,750.00	20,975.00	
<u>Allocated 2013 System Delivery</u>		29%	289,519.60	294,745.78	3,828,142.27	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2-Year Average Chemical Usage in Units:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		1,882.00	5,856.00	40,587.00	2013/2014 average chemicals used in units (lbs./gal) by month
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	1,640.00	

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,CARBON,PAC WOOD BASED,750LB	1200588		100.00	3,003.23	5,128.23	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		13,634.50	20,879.00	242,986.00	
CHM,HFS ACID,23%,BULK	1200647		3,835.50	3,921.50	75,785.50	
CHM,HFS ACID,23%,MINI BULK	1200648		6,456.00	12,332.00	82,660.00	
CHM,PACL,DELPC2020, BULK	1200702		120,846.00	177,735.50	1,939,772.50	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		5,750.00	10,961.00	79,651.50	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		3,227.00	3,403.50	24,454.50	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	8,782.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	13,760.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		577.50	550.00	6,572.50	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		1,762.00	1,819.00	34,909.00	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		2,585.00	5,371.00	21,885.50	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		275.00	990.32	8,240.32	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		875.00	1,075.00	9,015.00	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	704.00	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		3,844.00	8,946.00	47,461.50	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		1,475.00	2,300.00	20,387.50	
<u>2-Year Average Allocated System Delivery</u>			293,384.19	293,754.31	3,967,114.93	2013/2014 average system delivery allocated to plant by month
<u>Historical Dosage per T-Gal Produced:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0064	0.0199		2-year average chemical usage in units / 2-year average allocated system delivery
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000	0.0000		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0003	0.0102		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0465	0.0711		
CHM,HFS ACID,23%,BULK	1200647		0.0131	0.0133		
CHM,HFS ACID,23%,MINI BULK	1200648		0.0220	0.0420		
CHM,PACL,DELPC2020, BULK	1200702		0.4119	0.6050		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0196	0.0373		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0110	0.0116		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000	0.0000		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0020	0.0019		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0060	0.0062		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0088	0.0183		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0009	0.0034		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0030	0.0037		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0131	0.0305		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0050	0.0078		
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0063	0.0200		Historical Dosage per T-Gal Produced above with following modifications:
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000	0.0000		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0003	0.0103		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0459	0.0713		
CHM,HFS ACID,23%,BULK	1200647		0.0129	0.0134		
CHM,HFS ACID,23%,MINI BULK	1200648		0.0217	0.0421		
CHM,PACL,DELPC2020, BULK	1200702		0.4065	0.6071		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0387	0.0749	0.0488	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000	0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000	0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0000	0.0000		Made dosages zero, as chemical usage is charged to waste disposal expense
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0000	0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0183	0.0183		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000	0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0029	0.0037		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0257	0.0257		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was ma
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0000	0.0000		Made dosages zero, as chemical usage is charged to waste disposal expense
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557					
CHM,CARBON,PAC LIGNITE,900LB	1200585					
CHM,CARBON,PAC WOOD BASED,750LB	1200588					
CHM,CHLORINE,100%,2000LB CYLINDER	1200597					
CHM,HFS ACID,23%,BULK	1200647		(0.0129)	(0.0134)		
CHM,HFS ACID,23%,MINI BULK	1200648					
CHM,PACL,DELPC2020, BULK	1200702					
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		(0.0387)	(0.0749)	(0.0488)	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281					
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171					
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815					
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761					
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531					
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871					
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900					
CHM,SODIUM HYDROXIDE,50%,BULK	1200928					
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880					
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952					
50/50 Polyphosphate	Not Obtained		0.06105	0.06105		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0063	0.0200		
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000	0.0000		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0003	0.0103		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0459	0.0713		
CHM,HFS ACID,23%,BULK	1200647		0.0000	0.0000		
CHM,HFS ACID,23%,MINI BULK	1200648		0.0217	0.0421		
CHM,PACL,DELPC2020, BULK	1200702		0.4065	0.6071		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0000	0.0000		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000	0.0000		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000	0.0000		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0000	0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0000	0.0000		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0183	0.0183		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000	0.0000		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0029	0.0037		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0257	0.0257		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0000	0.0000		
50/50 Polyphosphate			0.0611	0.0611		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.0000	0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.0000	0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

Production Dept. Revisions to Budgeted Dosage in Rows 106-124 (Document explanation for adjustments):

Final Budgeted Dosage per T-Gal after revisions input by Production Department



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
<u>2016 Budgeted System Delivery</u>		29%	291,705.14	308,785.93	3,969,706.72	Current Placeholder - will be updated when revenue budget is completed
<u>2016 Budgeted Chemical Usage in Units:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		1,846.90	6,176.50	39,633.73	Final 2016 Budgeted Chemicals in Units (lbs./gal.)
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	0.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		98.14	3,167.59	5,248.72	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		13,380.22	22,021.72	236,151.03	
CHM,HFS ACID,23%,BULK	1200647		0.00	0.00	0.00	
CHM,HFS ACID,23%,MINI BULK	1200648		6,335.60	13,006.94	101,682.17	
CHM,PACL,DELPC2020, BULK	1200702		118,592.24	187,463.07	1,884,751.72	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00	0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00	0.00	23,971.89	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		5,351.60	5,664.96	38,143.54	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		858.68	1,133.84	8,770.30	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	1,360.47	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		7,501.30	7,940.54	81,120.74	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.00	0.00	0.00	
50/50 Polyphosphate			17,809.59	18,852.43	242,364.06	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.00	0.00	0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00	0.00	0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2015 Actual Price per Unit:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.5833	0.5833		Actual current year price per unit incurred by facility
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.9100	0.9100		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.8410	0.8410		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1749	0.1749		
CHM,HFS ACID,23%,BULK	1200647		0.2265	0.2265		
CHM,HFS ACID,23%,MINI BULK	1200648		0.2650	0.2650		
CHM,PACL,DELPC2020, BULK	1200702		0.1297	0.1297		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.3974	0.3974		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100	0.4100		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.6800	0.6800		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400	0.3400		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		2.4823	2.4823		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280	0.3280		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.5059	0.5059		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		2.3594	2.3594		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1545	0.1545		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1398	0.1398		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.9026	0.9026		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.4890	0.4890		
New Chemical #1						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Grc
New Chemical #2						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Grc
New Chemical #3						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Grc
<u>2016 Price Increase (Decrease) per Supply Chain:</u>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3.00%	3.00%		2016 Price Increases per Guidance Provided by Supply Chain.
CHM,CARBON,PAC LIGNITE,900LB	1200585		3.00%	3.00%		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		3.00%	3.00%		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		3.00%	3.00%		

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,HFS ACID,23%,BULK	1200647		1.00%	1.00%		
CHM,HFS ACID,23%,MINI BULK	1200648		1.00%	1.00%		
CHM,PACL,DELPC2020, BULK	1200702		3.00%	3.00%		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00%	0.00%		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00%	0.00%		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00%	0.00%		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00%	0.00%		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00%	0.00%		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00%	0.00%		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00%	0.00%		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00%	0.00%		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3.00%	3.00%		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		2.00%	2.00%		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		3.00%	3.00%		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		3.00%	3.00%		
New Chemical #1						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Grc
New Chemical #2						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Grc
New Chemical #3						If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Grc
<b>2016 Budget Price per Unit:</b>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.6008	0.6008		
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.9373	0.9373		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.8662	0.8662		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1802	0.1802		
CHM,HFS ACID,23%,BULK	1200647		0.2288	0.2288		
CHM,HFS ACID,23%,MINI BULK	1200648		0.2677	0.2677		
CHM,PACL,DELPC2020, BULK	1200702		0.1336	0.1336		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.3974	0.3974		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100	0.4100		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.6800	0.6800		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400	0.3400		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		2.4823	2.4823		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280	0.3280		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.5059	0.5059		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		2.3594	2.3594		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1592	0.1592		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1426	0.1426		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.9296	0.9296		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.5036	0.5036		
50/50 Polyphosphate			0.4374	0.4374		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.0000	0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.0000	0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2016 Budget Expense in Dollars:</b>						
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		1,109.55	3,710.61	23,810.45	
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	0.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		85.01	2,743.79	4,546.47	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		2,411.02	3,968.16	42,552.78	
CHM,HFS ACID,23%,BULK	1200647		0.00	0.00	0.00	
CHM,HFS ACID,23%,MINI BULK	1200648		1,695.73	3,481.31	27,215.28	
CHM,PACL,DELPC2020, BULK	1200702		15,843.32	25,044.12	251,793.30	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	

2016 Budgeted Price per Chemical After Price Increase Assumption

2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit

KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
 COST CENTER #120251  
 2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00	0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00	0.00	7,862.88	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		2,707.38	2,865.91	19,296.90	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		136.68	180.47	1,395.96	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	193.96	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		6,973.47	7,381.80	75,412.70	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.00	0.00	0.00	
50/50 Polyphosphate			7,789.15	8,245.25	105,999.69	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.00	0.00	0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00	0.00	0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2016 CHEMICAL BUDGET</b>			<b>38,751.31</b>	<b>57,621.43</b>	<b>560,080.38</b>	<b>Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reaso</b>
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2015 CHEMICAL BUDGET			59,136.56	55,030.34	637,234.95	
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2014 ACTUAL COST			37,391.11	44,871.58	640,935.68	
Cost per 1000 gallons - 2016 Chemical Budget			0.1328	0.1866	0.1411	
Cost per 1000 gallons - 2015 Chemical Budget			0.2074	0.1877	0.1617	
Cost per 1000 gallons - 2014 Actual Cost			0.1258	0.1533	0.1561	

Note: Approximately \$55k of chemicals purchased form Aquatic Control, Inc. (Algimycin App

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
2016 Central District System Delivery - Budget		
2015 Central District System Delivery - Budget		
2014 Central District System Delivery - Actual		
2013 Central District System Delivery - Actual		

**Richmond Road Station (RRS) Plant:**

2014 Monthly Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

Allocated 2014 System Delivery 29%

2013 Monthly Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

Allocated 2013 System Delivery 29%

2-Year Average Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	

2-Year Average Allocated System Delivery

Historical Dosage per T-Gal Produced:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

2016 BRIR Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761

terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014  
terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	terially different in 2013, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	

2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

50/50 Polyphosphate Not Obtained  
New Chemical #2  
New Chemical #3

2016 Final Adjusted Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
<u>2016 Budgeted System Delivery</u>		29%
<u>2016 Budgeted Chemical Usage in Units:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		
New Chemical #2		
New Chemical #3		
<u>2015 Actual Price per Unit:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
New Chemical #1		up will input price per unit.
New Chemical #2		up will input price per unit.
New Chemical #3		up will input price per unit.
<u>2016 Price Increase (Decrease) per Supply Chain:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
New Chemical #1		up will input price increase.
New Chemical #2		up will input price increase.
New Chemical #3		up will input price increase.
<u>2016 Budget Price per Unit:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		
New Chemical #2		
New Chemical #3		
<u>2016 Budget Expense in Dollars:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	



KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2016 CHEMICAL BUDGET (nableness)

CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2015 CHEMICAL BUDGET  
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2014 ACTUAL COST

Cost per 1000 gallons - 2016 Chemical Budget  
Cost per 1000 gallons - 2015 Chemical Budget  
Cost per 1000 gallons - 2014 Actual Cost

Note: Approximately \$55k of chemicals purchased form Aquatic Control, Inc. (Algimycin App



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
<u>2-Year Average Allocated System Delivery</u>			206,605.21	186,318.78	196,328.96	194,995.81	217,596.74	228,386.60	244,049.20	241,345.25	231,755.58	213,869.39	187,598.06	187,834.73
<u>Historical Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566		0.0518	0.0459	0.0339	0.0240	0.0320	0.0511	0.0629	0.0690	0.0682	0.0561	0.0595	0.0570
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0468	0.0413	0.0387	0.0416	0.0320	0.0527	0.0805	0.0645	0.0678	0.0592	0.0603	0.0578
CHM,HFS ACID,23%,BULK	1200647		0.0450	0.0462	0.0462	0.0352	0.0214	0.0298	0.0405	0.0422	0.0459	0.0393	0.0422	0.0438
CHM,PACL,DELPC2020, BULK	1200702		0.5557	0.5309	0.3347	0.3261	0.2499	0.2379	0.4629	0.4534	0.5413	0.3767	0.3763	0.4507
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0109	0.0110	0.0121	0.0044	0.0047	0.0044	0.0046	0.0041	0.0054	0.0057	0.0050	0.0060
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	0.0001	0.0145	0.0129	0.0160	0.0171	0.0180	0.0146	0.0160	0.0161
CHM,POLYMER,FILTER AID	1201127		0.0000	0.0001	0.0000	0.0003	0.0002	0.0002	0.0016	0.0010	0.0003	0.0000	0.0003	0.0000
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.0076	0.0038	0.0047	0.0078	0.0033	0.0039	0.0018	0.0030	0.0018	0.0074	0.0036	0.0024
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		0.0052	0.0035	0.0029	0.0039	0.0047	0.0024	0.0052	0.0050	0.0067	0.0045	0.0038	0.0039
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000	0.0000	0.0000	0.0000	0.0000	0.0034	0.0064	0.0076	0.0080	0.0050	0.0031	0.0020
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0058	0.0054	0.0058	0.0028	0.0051	0.0064	0.0064	0.0046	0.0052	0.0066	0.0062	0.0067
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0065	0.0056	0.0037	0.0000	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0046	0.0041	0.0041	0.0051	0.0054	0.0036	0.0036	0.0037	0.0031	0.0041	0.0044	0.0033
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566		0.0540	0.0541	0.0389	0.0233	0.0307	0.0487	0.0578	0.0669	0.0689	0.0559	0.0588	0.0572
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0478	0.0485	0.0438	0.0403	0.0307	0.0502	0.0739	0.0626	0.0685	0.0590	0.0595	0.0580
CHM,HFS ACID,23%,BULK	1200647		0.0549	0.0596	0.0611	0.0341	0.0206	0.0284	0.0372	0.0410	0.0464	0.0392	0.0417	0.0440
CHM,PACL,DELPC2020, BULK	1200702		0.6161	0.6389	0.4034	0.3163	0.2397	0.2270	0.4250	0.4400	0.5471	0.3751	0.3714	0.4522
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0134	0.0134	0.0154	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	0.0003	0.0278	0.0246	0.0294	0.0333	0.0364	0.0291	0.0317	0.0324
CHM,POLYMER,FILTER AID	1201127		0.0000	0.0000	0.0000	0.0006	0.0003	0.0002	0.0023	0.0015	0.0002	0.0000	0.0001	0.0000
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		0.0062	0.0039	0.0029	0.0037	0.0045	0.0023	0.0047	0.0048	0.0068	0.0045	0.0038	0.0039
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000	0.0000	0.0000	0.0000	0.0000	0.0032	0.0059	0.0074	0.0080	0.0050	0.0030	0.0021
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0073	0.0070	0.0104	0.0027	0.0049	0.0061	0.0059	0.0044	0.0053	0.0065	0.0061	0.0067
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0127	0.1043	0.0075	0.0000	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566													
CHM,CHLORINE,100%,2000LB CYLINDER	1200597													
CHM,HFS ACID,23%,BULK	1200647													
CHM,PACL,DELPC2020, BULK	1200702													
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		(0.0134)	(0.0134)	(0.0154)	(0.0003)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	(0.0003)	(0.0278)	(0.0246)	(0.0294)	(0.0333)	(0.0364)	(0.0291)	(0.0317)	(0.0324)
CHM,POLYMER,FILTER AID	1201127													
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855													
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870													
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871					0.0037	0.0045							
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900													
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916													
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956													
50/50 Polyphosphate	Not Obtained		0.038226204	0.038226204	0.038226204	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823
New Chemical #2														
New Chemical #3														
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566		0.0540	0.0541	0.0389	0.0233	0.0307	0.0487	0.0578	0.0669	0.0689	0.0559	0.0588	0.0572
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0478	0.0485	0.0438	0.0403	0.0307	0.0502	0.0739	0.0626	0.0685	0.0590	0.0595	0.0580
CHM,HFS ACID,23%,BULK	1200647		0.0549	0.0596	0.0611	0.0341	0.0206	0.0284	0.0372	0.0410	0.0464	0.0392	0.0417	0.0440
CHM,PACL,DELPC2020, BULK	1200702		0.6161	0.6389	0.4034	0.3163	0.2397	0.2270	0.4250	0.4400	0.5471	0.3751	0.3714	0.4522



KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KRSII COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, and monthly budget values (Jan-Dec). Includes sub-sections for '2016 Budget Price per Unit' and '2016 Budget Expense in Dollars'.

CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET
26,582.42 25,823.01 21,101.27 17,977.74 18,246.53 18,967.46 33,445.99 32,804.34 35,810.01 25,079.51 20,383.77 23,314.33

CENTRAL DISTRICT - KRSII PLANT 2015 CHEMICAL BUDGET
21,773.31 16,445.45 21,651.30 20,344.50 25,729.19 25,859.96 38,643.06 39,135.77 18,269.43 16,893.54 17,989.49 18,374.45
CENTRAL DISTRICT - KRSII PLANT 2014 ACTUAL COST
31,913.62 26,439.28 19,907.99 15,013.18 9,948.56 20,234.23 32,605.22 34,235.37 38,157.62 22,330.22 17,524.45 15,783.62

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part</u> <u>Number</u>	<u>SD Allocated</u> <u>to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Cost per 1000 gallons - 2016 Chemical Budget			0.1406	0.1395	0.1038	0.0939	0.0832	0.0811	0.1298	0.1357	0.1655	0.1158	0.1093	0.1181
Cost per 1000 gallons - 2015 Chemical Budget			0.1183	0.0929	0.1169	0.1087	0.1178	0.1058	0.1541	0.1538	0.0778	0.0789	0.0987	0.0980
Cost per 1000 gallons - 2014 Actual Cost			0.1439	0.1329	0.0987	0.0747	0.0438	0.0845	0.1227	0.1377	0.1664	0.1040	0.0922	0.0843

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>
2016 Central District System Delivery - Budget			13,516,195.84	Updated for 2016 Budgeted SD entered into hyperion as of May 29
2015 Central District System Delivery - Budget			13,418,971.48	Budgeted 2015 District Total System Delivery in T-gal
2014 Central District System Delivery - Actual			13,980,550.14	Actual 2014 District Total System Delivery in T-gal
2013 Central District System Delivery - Actual			13,034,192.28	Actual 2013 District Total System Delivery in T-gal
<b><u>KRS II Plant:</u></b>				
<u>2014 Monthly Chemical Usage in Units:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		129,525.00	Actual 2014 Chemicals used in units (lbs./gal) by month
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		132,794.00	
CHM,HFS ACID,23%,BULK	1200647		110,198.00	
CHM,PACL,DELPC2020, BULK	1200702		1,053,567.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		8,787.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		55,030.00	
CHM,POLYMER,FILTER AID	1201127		1,294.00	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		8,224.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		4,437.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		16,115.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		13,483.00	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		28,671.00	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		10,775.00	
<u>Allocated 2014 System Delivery</u>		<b>19%</b>	2,625,547.32	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2013 Monthly Chemical Usage in Units:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		132,302.00	Actual 2013 Chemicals used in units (lbs./gal) by month
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		142,828.00	
CHM,HFS ACID,23%,BULK	1200647		90,987.00	
CHM,PACL,DELPC2020, BULK	1200702		1,017,280.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		23,549.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	
CHM,POLYMER,FILTER AID	1201127		597.00	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		13,050.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		17,669.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		14,800.00	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.00	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		9,910.00	
<u>Allocated 2013 System Delivery</u>		<b>19%</b>	2,447,821.31	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2-Year Average Chemical Usage in Units:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		130,913.50	2013/2014 average chemicals used in units (lbs./gal) by month
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		137,811.00	
CHM,HFS ACID,23%,BULK	1200647		100,592.50	
CHM,PACL,DELPC2020, BULK	1200702		1,035,423.50	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		16,168.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		27,515.00	
CHM,POLYMER,FILTER AID	1201127		945.50	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		10,637.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		11,053.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		8,057.50	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		14,141.50	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		14,335.50	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		10,342.50	

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KRSII COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with 4 columns: Chemical, Part Number, SD Allocated to Plant, YTD, and Notes. Rows include '2-Year Average Allocated System Delivery', 'Historical Dosage per T-Gal Produced' (listing various chemicals like AMMONIA, CHLORINE, HFS ACID, etc.), '2016 BRIR Budgeted Dosage per T-Gal Produced' (similar list), '2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced' (similar list), '50/50 Polyphosphate' (Not Obtained), and '2016 Final Adjusted Budgeted Dosage per T-Gal Produced' (similar list).



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171				
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667				
CHM,POLYMER,FILTER AID	1201127				
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855				
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870				
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871				
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900				
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916				
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956				
50/50 Polyphosphate				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.	
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.	
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.	
<b>2016 Budgeted System Delivery</b>		<b>19%</b>	2,538,341.58	Current Placeholder - will be updated when revenue budget is completed	
<b>2016 Budgeted Chemical Usage in Units:</b>					
CHM,AMMONIA,AQUA,19%,BULK	1200566		131,032.61	Final 2016 Budgeted Chemicals in Units (lbs./gal.)	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		137,436.53		
CHM,HFS ACID,23%,BULK	1200647		105,993.76		
CHM,PACL,DELPC2020, BULK	1200702		1,056,946.99		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00		
CHM,POLYMER,FILTER AID	1201127		1,252.09		
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00		
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		11,041.12		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		9,549.69		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		15,397.51		
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		27,248.78		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00		
50/50 Polyphosphate			97,031.16		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.00		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2015 Actual Price per Unit:</b>					
CHM,AMMONIA,AQUA,19%,BULK	1200566			Actual current year price per unit incurred by facility	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597				
CHM,HFS ACID,23%,BULK	1200647				
CHM,PACL,DELPC2020, BULK	1200702				
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171				
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667				
CHM,POLYMER,FILTER AID	1201127				
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855				
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870				
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871				
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900				
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916				
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956				
New Chemical #1					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
New Chemical #2					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
New Chemical #3					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
<b>2016 Price Increase (Decrease) per Supply Chain:</b>					
CHM,AMMONIA,AQUA,19%,BULK	1200566			2016 Price Increases per Guidance Provided by Supply Chain.	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597				
CHM,HFS ACID,23%,BULK	1200647				

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
New Chemical #1				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
<b>2016 Budget Price per Unit:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566			2016 Budgeted Price per Chemical After Price Increase Assumption
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
50/50 Polyphosphate				
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2016 Budget Expense in Dollars:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		16,870.37	2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		24,765.10	
CHM,HFS ACID,23%,BULK	1200647		24,248.27	
CHM,PACL,DELPC2020, BULK	1200702		141,202.78	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	
CHM,POLYMER,FILTER AID	1201127		1,602.68	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		25,815.23	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		23,207.86	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		2,450.80	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		2,501.44	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	
50/50 Polyphosphate			36,871.84	
New Chemical #2			0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET</b>			<b>299,536.37</b>	<b>Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)</b>
CENTRAL DISTRICT - KRSII PLANT 2015 CHEMICAL BUDGET			281,109.45	
CENTRAL DISTRICT - KRSII PLANT 2014 ACTUAL COST			284,093.36	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part</u> <u>Number</u>	<u>SD Allocated</u> <u>to Plant</u>	<u>YTD</u>	<u>Notes</u>
Cost per 1000 gallons - 2016 Chemical Budget			0.1180	
Cost per 1000 gallons - 2015 Chemical Budget			0.1115	
Cost per 1000 gallons - 2014 Actual Cost			0.1082	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
2016 Central District System Delivery - Budget		
2015 Central District System Delivery - Budget		
2014 Central District System Delivery - Actual		
2013 Central District System Delivery - Actual		

**KRS II Plant:**

<u>2014 Monthly Chemical Usage in Units:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Allocated 2014 System Delivery 19%

<u>2013 Monthly Chemical Usage in Units:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Allocated 2013 System Delivery 19%

<u>2-Year Average Chemical Usage in Units:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
<u>2-Year Average Allocated System Delivery</u>		
<u>Historical Dosage per T-Gal Produced:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	: in dosages
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	: in dosages
CHM,HFS ACID,23%,BULK	1200647	: in dosages
CHM,PACL,DELPC2020, BULK	1200702	: in dosages
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	: in dosages
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	: in dosages
CHM,POLYMER,FILTER AID	1201127	: in dosages
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	: in dosages
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	: in dosages
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	: in dosages
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	: in dosages
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
50/50 Polyphosphate	Not Obtained	
New Chemical #2		
New Chemical #3		
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2016 Budgeted System Delivery 19%

2016 Budgeted Chemical Usage in Units:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2015 Actual Price per Unit:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

New Chemical #1  
New Chemical #2  
New Chemical #3

2016 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

New Chemical #1  
New Chemical #2  
New Chemical #3

2016 Budget Price per Unit:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2016 Budget Expense in Dollars:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET

CENTRAL DISTRICT - KRSII PLANT 2015 CHEMICAL BUDGET  
CENTRAL DISTRICT - KRSII PLANT 2014 ACTUAL COST

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part</u>	<u>SD Allocated</u>
	<u>Number</u>	<u>to Plant</u>
Cost per 1000 gallons - 2016 Chemical Budget		
Cost per 1000 gallons - 2015 Chemical Budget		
Cost per 1000 gallons - 2014 Actual Cost		



		No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project
		Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose
		Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working
		Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input
		Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions
		No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner
		2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	DECYTD
E120205_CEN-Admin & Gen	System delivery gross	1,006,381.09	985,559.51	1,082,796.80	1,019,587.34	1,167,331.71	1,245,402.83	1,371,688.64	1,287,294.47	1,152,032.17	1,153,548.37	993,207.84	1,051,365.08	13,516,195.84
E123005_NRTH-Admin & Gen	System delivery gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E12B_Kentucky Base	System delivery gross	1,006,381.09	985,559.51	1,082,796.80	1,019,587.34	1,167,331.71	1,245,402.83	1,371,688.64	1,287,294.47	1,152,032.17	1,153,548.37	993,207.84	1,051,365.08	13,516,195.84
E12_Kentucky American	System delivery gross	1,006,381.09	985,559.51	1,082,796.80	1,019,587.34	1,167,331.71	1,245,402.83	1,371,688.64	1,287,294.47	1,152,032.17	1,153,548.37	993,207.84	1,051,365.08	13,516,195.84

KENTUCKY AMERICAN WATER  
2016 BUDGET COMPARISON  
TO 2015 BUDGET AND 2014 ACTUAL

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dec YTD
Draft State Base 2017 Chemical Budget	128,110.97	126,420.46	119,986.61	121,471.52	118,714.81	153,853.60	195,229.41	200,242.00	179,593.82	165,852.75	124,035.38	144,540.83	1,778,052.17
Final State Base 2015 Chemical Budget	115,583.04	97,947.30	108,901.94	122,195.08	128,572.59	143,087.64	173,793.88	170,869.59	133,758.85	107,689.61	118,704.49	112,585.84	1,533,689.85
Final State 2014 Actual Cost	140,301.15	155,136.48	105,783.91	104,494.76	145,676.98	133,509.10	136,300.62	189,178.95	166,990.73	174,220.28	96,985.83	107,021.71	1,655,600.50



KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep. It includes sections for 2-Year Average Allocated System Delivery, Historical Dosage per T-Gal Produced, 2016 BRIR Budgeted Dosage per T-Gal Produced, and 2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced.

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep. Rows include 2016 Final Adjusted Budgeted Dosage per T-Gal Produced and various chemical entries like CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK.

2017 Budgeted System Delivery: 52%, 518,363.16, 497,157.25, 558,934.60, 527,255.56, 596,630.54, 640,469.26, 708,642.06, 653,715.71, 588,665.07

2017 Budgeted Chemical Usage in Units: Table with columns: Chemical, Part Number, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep. Rows include CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK and other chemical entries.

2015 Actual Price per Unit: Table with columns: Chemical, Part Number, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep. Rows include CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK and other chemical entries.

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep. Rows include various chemicals like Sodium Thiosulfate, Ammonia, Chlorine, Ferric Chloride, HFS Acid, Phosphate, and Polymer, along with price increase and budget expense data.

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep. Rows include CHM,SODIUM HYDROXIDE,50%,BULK and Ortho/Poly 50/50.

CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET

Summary table for 2016 budget and 2015/2014 actuals with columns for months and total values.

Cost per 1000 gallons table for 2016, 2015, and 2014 actual costs.

2017 Price Increase (Decrease) per Supply Chain:

Table showing price changes for various chemicals from 2016 to 2017, including CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK.

2017 Budget Price per Unit:

Table showing budget prices per unit for various chemicals, including CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK.

2017 Budget Expense in Dollars:

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		-	-	-	-	-	-	-	-	-
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		2,950.23	2,951.60	3,408.31	7,245.99	4,216.07	3,980.20	4,198.33	4,097.10	3,304.52
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		4,676.16	4,218.57	4,812.66	5,038.18	6,424.19	6,942.90	8,315.10	7,591.43	6,640.62
CHM,FERRIC,CHLORID,38%,BULK	1200612		4,353.98	1,418.32	-	-	-	-	-	-	7,326.63
CHM,HFS ACID,23%,BULK	1200647		5,154.82	5,012.22	6,041.40	7,128.30	6,881.81	6,661.66	7,702.64	6,410.71	5,192.46
CHM,PACL,DELPC2020, BULK	1200702		30,825.24	31,375.25	28,833.40	24,108.21	23,795.19	22,140.65	32,278.05	42,865.49	22,243.89
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		-	-	-	-	-	-	-	-	-
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		-	-	-	-	-	-	-	-	-
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		-	-	-	-	-	-	-	-	-
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		4,699.37	4,513.17	4,243.66	4,092.99	5,160.33	4,419.89	5,388.16	4,972.24	4,365.20
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		551.86	500.89	427.92	537.20	277.14	353.41	383.85	343.38	373.52
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		-	-	-	-	-	-	-	-	-
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		-	-	-	-	-	29,984.44	34,219.99	27,258.52	24,978.06
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		-	-	-	-	-	-	-	-	-
Ortho/Poly 50/50			11,140.67	10,684.91	12,012.63	11,331.78	12,822.79	13,764.97	15,230.14	14,049.67	12,651.60
New Chemical #2			-	-	-	-	-	-	-	-	-
New Chemical #3			-	-	-	-	-	-	-	-	-
<b>CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET</b>			<b>64,352.33</b>	<b>60,674.93</b>	<b>59,779.99</b>	<b>59,482.64</b>	<b>59,577.52</b>	<b>88,248.12</b>	<b>107,716.25</b>	<b>107,588.54</b>	<b>87,076.50</b>



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
2017 Central District System Delivery - Budget			1,138,544.37	983,927.84	1,041,983.08	13,366,640.84
2015 Central District System Delivery - Budget			1,139,569.79	970,664.77	998,059.83	13,418,971.48
2014 Central District System Delivery - Actual			1,143,834.00	1,012,083.00	996,809.14	13,980,550.14
2013 Central District System Delivery - Actual			1,133,795.29	985,766.43	1,003,560.71	13,034,192.28

**Kentucky River Station (KRS) Plant:**

2014 Monthly Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	45,040.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,480.00	5,504.00	5,802.00	87,659.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		32,165.00	30,359.00	24,442.00	402,980.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.00	0.00	0.00	0.00
CHM,HFS ACID,23%,BULK	1200647		22,458.00	24,835.00	23,195.00	331,458.00
CHM,PACL,DELPC2020, BULK	1200702		233,297.00	172,136.00	172,321.00	2,482,739.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		19,697.00	25,163.00	19,344.00	319,278.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		11,051.00	12,623.00	8,938.00	159,909.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		1,400.00	2,200.00	1,500.00	29,000.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	1,600.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		24,112.00	26,525.00	21,474.00	201,600.00

Allocated 2014 System Delivery

**52%** 593,077.93 524,765.04 516,845.54 7,248,915.25

2013 Monthly Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		6,175.00	5,558.00	5,066.00	70,389.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		37,719.00	34,481.00	28,135.00	408,439.00
CHM,FERRIC,CHLORID,38%,BULK	1200612		76,332.00	77,152.00	14,320.00	459,534.00
CHM,HFS ACID,23%,BULK	1200647		28,641.00	23,234.00	23,087.00	324,330.00
CHM,PACL,DELPC2020, BULK	1200702		134,620.00	269,830.00	251,297.00	2,753,164.00
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	5,800.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		17,989.00	4,936.00	0.00	174,851.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	14,852.00	21,550.00	36,402.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		17,524.00	14,337.00	16,465.00	187,335.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		4,750.00	3,650.00	4,050.00	37,500.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	14,744.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	0.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		52,854.00	26,613.00	31,148.00	606,292.00

Allocated 2013 System Delivery

**52%** 587,872.86 511,119.89 520,346.23 6,758,228.70

2-Year Average Chemical Usage in Units:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	22,520.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,827.50	5,531.00	5,434.00	79,024.00
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		34,942.00	32,420.00	26,288.50	405,709.50
CHM,FERRIC,CHLORID,38%,BULK	1200612		38,166.00	38,576.00	7,160.00	229,767.00
CHM,HFS ACID,23%,BULK	1200647		25,549.50	24,034.50	23,141.00	327,894.00
CHM,PACL,DELPC2020, BULK	1200702		183,958.50	220,983.00	211,809.00	2,617,951.50
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	2,900.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		8,994.50	2,468.00	0.00	87,425.50
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		9,848.50	20,007.50	20,447.00	177,840.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		14,287.50	13,480.00	12,701.50	173,622.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3,075.00	2,925.00	2,775.00	33,250.00
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	7,372.00

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.00	0.00	0.00	800.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		38,483.00	26,569.00	26,311.00	403,946.00
<u>2-Year Average Allocated System Delivery</u>			590,475.39	517,942.46	518,595.89	7,003,571.97

Historical Dosage per T-Gal Produced:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	0.0000	0.0000	0.0000
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	0.0099	0.0107	0.0105
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	0.0592	0.0626	0.0507
CHM,FERRIC,CHLORID,38%,BULK	1200612	0.0646	0.0745	0.0138
CHM,HFS ACID,23%,BULK	1200647	0.0433	0.0464	0.0446
CHM,PACL,DELPC2020, BULK	1200702	0.3115	0.4267	0.4084
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	0.0152	0.0048	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	0.0167	0.0386	0.0394
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	0.0242	0.0260	0.0245
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	0.0052	0.0056	0.0054
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.0000	0.0000	0.0000
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	0.0000	0.0000	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	0.0652	0.0513	0.0507

2016 BRIR Budgeted Dosage per T-Gal Produced:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	0.0000	0.0000	0.0000
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	0.0098	0.0105	0.0105
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	0.0589	0.0618	0.0509
CHM,FERRIC,CHLORID,38%,BULK	1200612	0.0644	0.0735	0.0139
CHM,HFS ACID,23%,BULK	1200647	0.0431	0.0458	0.0448
CHM,PACL,DELPC2020, BULK	1200702	0.3102	0.4211	0.4098
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	0.0332	0.0480	0.0374
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	0.0241	0.0257	0.0246
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	0.0052	0.0056	0.0054
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.0000	0.0000	0.0000
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	0.0000	0.0000	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	0.0000	0.0000	0.0000

0.0439

2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222			
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	(0.0332)	(0.0480)	(0.0374)
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	0.0332		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			

Ortho/Poly 50/50	Not Created	0.0549	0.0549	0.0549
New Chemical #2				
New Chemical #3				

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.0000	0.0000	0.0000	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0098	0.0105	0.0105	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0589	0.0618	0.0509	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.0644	0.0735	0.0139	
CHM,HFS ACID,23%,BULK	1200647		0.0431	0.0458	0.0448	
CHM,PACL,DELPC2020, BULK	1200702		0.3102	0.4211	0.4098	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000	0.0000	0.0000	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0241	0.0257	0.0246	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0052	0.0056	0.0054	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000	0.0000	0.0000	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.0332	0.0000	0.0000	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0000	0.0000	0.0000	
Ortho/Poly 50/50			0.0549	0.0549	0.0549	
New Chemical #2			0.0000	0.0000	0.0000	
New Chemical #3			0.0000	0.0000	0.0000	
<u>2017 Budgeted System Delivery</u>		<b>52%</b>	<b>590,335.26</b>	<b>510,166.58</b>	<b>540,268.23</b>	<b>6,930,603.28</b>
<u>2017 Budgeted Chemical Usage in Units:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.00	0.00	0.00	0.00
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,800.55	5,377.13	5,680.26	75,605.65
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		34,780.41	31,518.11	27,479.86	388,283.71
CHM,FERRIC,CHLORID,38%,BULK	1200612		37,989.50	37,502.85	7,484.48	213,966.16
CHM,HFS ACID,23%,BULK	1200647		25,431.35	23,365.88	24,189.72	313,770.95
CHM,PACL,DELPC2020, BULK	1200702		183,107.79	214,835.47	221,407.88	2,497,695.82
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		14,221.43	13,105.00	13,277.11	165,706.56
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3,060.78	2,843.63	2,900.76	31,674.32
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		19,605.91	0.00	0.00	131,602.66
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	0.00	0.00	0.00
Ortho/Poly 50/50			32,415.67	28,013.56	29,666.46	380,563.67
New Chemical #2			0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00
<u>2015 Actual Price per Unit:</u>						
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		0.1800	0.1800	0.1800	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.5833	0.5833	0.5833	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1749	0.1749	0.1749	
CHM,FERRIC,CHLORID,38%,BULK	1200612		0.1000	0.1000	0.1000	
CHM,HFS ACID,23%,BULK	1200647		0.2265	0.2265	0.2265	
CHM,PACL,DELPC2020, BULK	1200702		0.1297	0.1297	0.1297	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		0.5200	0.5200	0.5200	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100	0.4100	0.4100	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400	0.3400	0.3400	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280	0.3280	0.3280	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1545	0.1545	0.1545	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1398	0.1398	0.1398	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		0.9800	0.9800	0.9800	

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, Oct, Nov, Dec, YTD. Rows include various chemical entries like SODIUM THIOSULFATE, ALUM, AMMONIA, CHLORINE, FERRIC CHLORIDE, HFS ACID, etc., with associated budget values for each month and a total YTD.

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		19,790.21	0.00	0.00	132,839.73
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	0.00	0.00	0.00
Ortho/Poly 50/50			12,317.95	10,645.15	11,273.25	144,614.19
New Chemical #2			0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00

**CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET**

<b>81,091.13</b>	<b>62,102.62</b>	<b>60,315.38</b>	<b>879,092.60</b>
------------------	------------------	------------------	-------------------

CENTRAL DISTRICT - KY RIVER STATION PLANT 2015 CHEMICAL BUDGET	45,648.78	39,565.94	37,210.13	592,141.91
CENTRAL DISTRICT - KY RIVER STATION PLANT 2014 ACTUAL COST	65,134.07	39,698.94	45,284.30	682,338.74

Cost per 1000 gallons - 2016 Chemical Budget	0.1374	0.1217	0.1116	0.1268
Cost per 1000 gallons - 2015 Chemical Budget	0.0773	0.0786	0.0719	0.0851
Cost per 1000 gallons - 2014 Actual Cost	0.1098	0.0757	0.0876	0.0941

2017 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	2.00%	2.00%	2.00%
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	3.00%	3.00%	3.00%
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	3.00%	3.00%	3.00%
CHM,FERRIC,CHLORID,38%,BULK	1200612	0.00%	0.00%	0.00%
CHM,HFS ACID,23%,BULK	1200647	2.00%	2.00%	2.00%
CHM,PACL,DELPC2020, BULK	1200702	3.00%	3.00%	3.00%
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	3.00%	3.00%	3.00%
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	3.00%	3.00%	3.00%
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	3.00%	3.00%	3.00%
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	2.00%	2.00%	2.00%
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	3.00%	3.00%	3.00%
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	3.00%	3.00%	3.00%
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	3.00%	3.00%	3.00%
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	3.00%	3.00%	3.00%
Ortho/Poly 50/50		3.00%	3.00%	3.00%
New Chemical #2				
New Chemical #3				

2017 Budget Price per Unit:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	0.1873	0.1873	0.1873
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	0.6188	0.6188	0.6188
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	0.1856	0.1856	0.1856
CHM,FERRIC,CHLORID,38%,BULK	1200612	0.1000	0.1000	0.1000
CHM,HFS ACID,23%,BULK	1200647	0.2333	0.2333	0.2333
CHM,PACL,DELPC2020, BULK	1200702	0.1376	0.1376	0.1376
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	0.5356	0.5356	0.5356
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	0.4223	0.4223	0.4223
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	0.3502	0.3502	0.3502
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	0.3346	0.3346	0.3346
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	0.1639	0.1639	0.1639
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.1468	0.1468	0.1468
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	1.0397	1.0397	1.0397
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	0.2257	0.2257	0.2257
Ortho/Poly 50/50		0.3914	0.3914	0.3914
New Chemical #2		-	-	-
New Chemical #3		-	-	-

2017 Budget Expense in Dollars:

KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
 COST CENTER #120250  
 2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part</u> <u>Number</u>	<u>SD Allocated</u> <u>to Plant</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD</u>
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		-	-	-	-
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3,589.31	3,327.30	3,514.87	46,783.84
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		6,455.20	5,849.72	5,100.23	72,064.94
CHM,FERRIC,CHLORID,38%,BULK	1200612		3,798.95	3,750.29	748.45	21,396.62
CHM,HFS ACID,23%,BULK	1200647		5,934.31	5,452.34	5,644.58	73,217.24
CHM,PACL,DELPC2020, BULK	1200702		25,196.13	29,561.95	30,466.33	343,689.78
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		-	-	-	-
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		-	-	-	-
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		-	-	-	-
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		4,757.98	4,384.46	4,442.05	55,439.49
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		501.78	466.18	475.55	5,192.68
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		-	-	-	-
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		20,383.91	-	-	136,824.92
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		-	-	-	-
Ortho/Poly 50/50			12,687.49	10,964.51	11,611.45	148,952.62
New Chemical #2			-	-	-	-
New Chemical #3			-	-	-	-
<b>CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET</b>			<b>83,305.07</b>	<b>63,756.75</b>	<b>62,003.50</b>	<b>903,562.13</b>

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>	
2017 Central District System Delivery - Budget			Updated for 2016 Budgeted SD entered into hyperion as of May 29 Budgeted 2015 District Total System Delivery in T-gal Actual 2014 District Total System Delivery in T-gal Actual 2013 District Total System Delivery in T-gal	
2015 Central District System Delivery - Budget				
2014 Central District System Delivery - Actual				
2013 Central District System Delivery - Actual				
<b><u>Kentucky River Station (KRS) Plant:</u></b>				
<u>2014 Monthly Chemical Usage in Units:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Actual 2014 Chemicals used in units (lbs./gal) by month	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
<u>Allocated 2014 System Delivery</u>		52%		System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2013 Monthly Chemical Usage in Units:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Actual 2013 Chemicals used in units (lbs./gal) by month	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
<u>Allocated 2013 System Delivery</u>		52%		System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2-Year Average Chemical Usage in Units:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2013/2014 average chemicals used in units (lbs./gal) by month	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
<u>2-Year Average Allocated System Delivery</u>		2013/2014 average system delivery allocated to plant by month	
<u>Historical Dosage per T-Gal Produced:</u>			
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2-year average chemical usage in units / 2-year average allocated system delivery
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>		Historical Dosage per T-Gal Produced above with following modifications:	
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancies
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancies
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancies
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancies
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancies
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 2013, creating discrepancies
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		Dosages made 0 as this chemical is charged to waste disposal expense.
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>		Production Dept. Revisions to Budgeted Dosage in Rows 86-99 (Document explanation for adjustments):	
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50	Not Created		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>			Final Budgeted Dosage per T-Gal after revisions input by Production Department
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2017 Budgeted System Delivery</u>		52%	Current Placeholder - will be updated when revenue budget is completed
<u>2017 Budgeted Chemical Usage in Units:</u>			Final 2016 Budgeted Chemicals in Units (lbs./gal.)
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2015 Actual Price per Unit:</u>			Actual current year price per unit incurred by facility
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
New Chemical #1			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.	
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.	
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.	
<u>2016 Price Increase (Decrease) per Supply Chain:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2016 Price Increases per Guidance Provided by Supply Chain.	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
New Chemical #1				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
<u>2016 Budget Price per Unit:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2016 Budgeted Price per Chemical After Price Increase Assumption	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,50%,BULK	1200928			
CHM,SODIUM PERMANGANATE,20%,50GA	1200876			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
Ortho/Poly 50/50				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2016 Budget Expense in Dollars:</u>				
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557			
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,FERRIC,CHLORID,38%,BULK	1200612			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341			
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Notes</u>
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

**CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET** Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)

CENTRAL DISTRICT - KY RIVER STATION PLANT 2015 CHEMICAL BUDGET  
CENTRAL DISTRICT - KY RIVER STATION PLANT 2014 ACTUAL COST

Cost per 1000 gallons - 2016 Chemical Budget  
Cost per 1000 gallons - 2015 Chemical Budget  
Cost per 1000 gallons - 2014 Actual Cost

2017 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	2016 Price Increases per Guidance Provided by Supply Chain.
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
Ortho/Poly 50/50		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #2		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #3		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.

2017 Budget Price per Unit:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,FERRIC,CHLORID,38%,BULK	1200612
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,50GA	1200876
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956
Ortho/Poly 50/50	
New Chemical #2	
New Chemical #3	

2017 Budget Expense in Dollars:

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part</u> <u>Number</u>	<u>SD Allocated</u> <u>to Plant</u>	<u>Notes</u>
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		
CHM,FERRIC,CHLORID,38%,BULK	1200612		
CHM,HFS ACID,23%,BULK	1200647		
CHM,PACL,DELPC2020, BULK	1200702		
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		
CHM,SODIUM PERMANGANATE,20%,50GA	1200876		
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		
Ortho/Poly 50/50			
New Chemical #2			
New Chemical #3			

CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
2017 Central District System Delivery - Budget		
2015 Central District System Delivery - Budget		
2014 Central District System Delivery - Actual		
2013 Central District System Delivery - Actual		

**Kentucky River Station (KRS) Plant:**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
<u>2014 Monthly Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Allocated 2014 System Delivery 52%

<u>2013 Monthly Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Allocated 2013 System Delivery 52%

<u>2-Year Average Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2-Year Average Allocated System Delivery</u>		
<u>Historical Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	; in dosages
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	; in dosages
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	; in dosages
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	; in dosages
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	; in dosages
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	; in dosages
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
<u>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
Ortho/Poly 50/50	Not Created	
New Chemical #2		
New Chemical #3		

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
<u>2016 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%, BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Ortho/Poly 50/50  
New Chemical #2  
New Chemical #3

2017 Budgeted System Delivery 52%

<u>2017 Budgeted Chemical Usage in Units:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Ortho/Poly 50/50  
New Chemical #2  
New Chemical #3

<u>2015 Actual Price per Unit:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
New Chemical #1		
New Chemical #2		
New Chemical #3		
<u>2016 Price Increase (Decrease) per Supply Chain:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
New Chemical #1		
New Chemical #2		
New Chemical #3		
<u>2016 Budget Price per Unit:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
Ortho/Poly 50/50		
New Chemical #2		
New Chemical #3		
<u>2016 Budget Expense in Dollars:</u>		
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	



KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
 COST CENTER #120250  
 2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
Ortho/Poly 50/50		
New Chemical #2		
New Chemical #3		

CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET

CENTRAL DISTRICT - KY RIVER STATION PLANT 2015 CHEMICAL BUDGET  
 CENTRAL DISTRICT - KY RIVER STATION PLANT 2014 ACTUAL COST

Cost per 1000 gallons - 2016 Chemical Budget  
 Cost per 1000 gallons - 2015 Chemical Budget  
 Cost per 1000 gallons - 2014 Actual Cost

2017 Price Increase (Decrease) per Supply Chain:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,FERRIC,CHLORID,38%,BULK	1200612
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,50GA	1200876
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956
Ortho/Poly 50/50	
New Chemical #2	
New Chemical #3	

2017 Budget Price per Unit:

CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,FERRIC,CHLORID,38%,BULK	1200612
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,50GA	1200876
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956
Ortho/Poly 50/50	
New Chemical #2	
New Chemical #3	

2017 Budget Expense in Dollars:

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KENTUCKY RIVER STATION COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part</u> <u>Number</u>	<u>SD Allocated</u> <u>to Plant</u>
CHM,ALUM,CL HYDROX SULFAT,DLPC812,BULK	1201222	
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,FERRIC,CHLORID,38%,BULK	1200612	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	1201341	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,50GA	1200876	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	
Ortho/Poly 50/50		
New Chemical #2		
New Chemical #3		

CENTRAL DISTRICT - KY RIVER STATION PLANT 2016 CHEMICAL BUDGET

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER
COST CENTER #120251
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include 2017 Central District System Delivery - Budget, 2015 Central District System Delivery - Budget, 2014 Central District System Delivery - Actual, 2013 Central District System Delivery - Actual.

Richmond Road Station (RRS) Plant:

Table with columns: Chemical, Part Number, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include 2014 Monthly Chemical Usage in Units: CHM,AMMONIA,ANHYDROUS,100%,BULK, CHM,CARBON,PAC LIGNITE,900LB, etc.

Allocated 2014 System Delivery 29% 346,724.05 311,072.69 315,364.99 314,447.26 354,849.18 374,449.33 415,735.45 388,932.94 358,556.01 335,944.05 297,248.78

2013 Monthly Chemical Usage in Units:

Table with columns: Chemical, Part Number, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include CHM,AMMONIA,ANHYDROUS,100%,BULK, CHM,CARBON,PAC LIGNITE,900LB, CHM,CARBON,PAC WOOD BASED,750LB, etc.

Allocated 2013 System Delivery 29% 299,494.78 271,694.36 298,711.86 295,459.77 325,748.92 339,897.25 347,600.54 365,945.67 366,328.07 332,995.68 289,519.60

2-Year Average Chemical Usage in Units:

Table with columns: Chemical, Part Number, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include CHM,AMMONIA,ANHYDROUS,100%,BULK, CHM,CARBON,PAC LIGNITE,900LB, CHM,CARBON,PAC WOOD BASED,750LB, CHM,CHLORINE,100%,2000LB CYLINDER.

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER
COST CENTER #120251
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, and monthly allocations (Jan to Nov). Includes sections for '2-Year Average Allocated System Delivery' and 'Historical Dosage per T-Gal Produced:'.



KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER
COST CENTER #120251
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, and monthly budget amounts (Jan through Nov). Includes sections for 2015 Actual Price per Unit and 2016 Price Increase (Decrease) per Supply Chain.

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER
COST CENTER #120251
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, and monthly budget values (Jan-Nov). Includes sub-sections for '2016 Budget Price per Unit' and '2016 Budget Expense in Dollars'.

CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2016 CHEMICAL BUDGET
35,547.49 38,762.61 37,514.01 42,303.83 39,479.81 44,954.05 51,719.40 57,893.66 54,598.86 55,456.38 38,389.24





KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
 COST CENTER #120251  
 2016 CHEMICALS BUDGET

Chemical	Part Number	SD Allocated to Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
50/50 Polyphosphate			0.4505	0.4505	0.4505	0.4505	0.4505	0.4505	0.4505	0.4505	0.4505	0.4505	0.4505
New Chemical #2			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
New Chemical #3			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>2017 Budget Expense in Dollars:</b>													
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		876.42	764.92	1,252.99	4,590.07	1,410.56	1,928.34	1,582.36	3,454.35	1,688.65	1,803.12	1,132.16
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.00	0.00	537.42	317.77	0.00	86.44	323.04	318.54	82.97	88.81	86.74
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		1,898.98	2,275.59	2,811.88	3,150.13	3,563.73	4,046.38	5,399.77	4,816.23	4,794.58	4,074.55	2,460.15
CHM,HFS ACID,23%,BULK	1200647		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,HFS ACID,23%,MINI BULK	1200648		1,785.61	1,789.84	2,448.05	2,030.16	2,443.29	2,493.72	2,126.01	2,094.95	2,386.51	2,625.43	1,713.48
CHM,PACL,DELPC2020, BULK	1200702		13,694.85	15,908.87	16,036.16	16,605.27	20,201.42	20,351.61	26,997.16	28,698.27	26,928.47	29,218.03	16,166.15
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		1,354.86	1,469.26	1,856.40	1,610.44	1,642.89	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00	0.00	0.00	0.00	169.55	3,483.66	3,269.40	2,263.36	2,270.79	2,385.83	2,735.73
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		82.61	114.28	160.47	58.39	128.82	115.16	154.34	58.53	148.65	77.51	139.46
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	0.00	0.00	0.00	0.00	131.29	38.87	27.04	0.88	0.00
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		8,814.24	9,825.58	4,786.24	6,960.92	1,767.34	3,760.92	2,194.80	7,660.44	8,692.71	7,599.99	7,115.57
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50/50 Polyphosphate			8,075.56	7,745.19	8,707.62	8,214.10	9,294.89	9,977.85	11,039.91	10,184.21	9,170.79	9,196.81	7,947.87
New Chemical #2			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2017 CHEMICAL BUDGET</b>			<b>36,583.12</b>	<b>39,893.53</b>	<b>38,597.23</b>	<b>43,537.26</b>	<b>40,622.48</b>	<b>46,244.07</b>	<b>53,218.08</b>	<b>59,587.74</b>	<b>56,191.16</b>	<b>57,070.94</b>	<b>39,497.30</b>

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
2017 Central District System Delivery - Budget			1,041,983.08	13,366,640.84	Updated for 2016 Budgeted SD entered into hyperion as of May 29 Budgeted 2015 District Total System Delivery in T-gal Actual 2014 District Total System Delivery in T-gal Actual 2013 District Total System Delivery in T-gal
2015 Central District System Delivery - Budget			998,059.83	13,418,971.48	
2014 Central District System Delivery - Actual			996,809.14	13,980,550.14	
2013 Central District System Delivery - Actual			1,003,560.71	13,034,192.28	
<b>Richmond Road Station (RRS) Plant:</b>					
<u>2014 Monthly Chemical Usage in Units:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3,141.00	45,860.00	Actual 2014 Chemicals used in units (lbs./gal) by month
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		1,206.45	5,456.45	Left blank in template.
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		28,436.00	256,813.00	
CHM,HFS ACID,23%,BULK	1200647		0.00	28,948.00	
CHM,HFS ACID,23%,MINI BULK	1200648		24,664.00	165,320.00	
CHM,PACL,DELPC2020, BULK	1200702		241,526.00	2,251,591.00	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		21,922.00	159,303.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	491.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	27,520.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		990.00	7,975.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00	25,384.00	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		10,742.00	43,771.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		1,300.00	8,900.00	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	1,408.00	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		15,057.00	92,088.00	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		2,850.00	19,800.00	
<u>Allocated 2014 System Delivery</u>		29%	292,762.85	4,106,087.58	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2013 Monthly Chemical Usage in Units:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		8,571.00	35,314.00	Actual 2013 Chemicals used in units (lbs./gal) by month
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	3,280.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		4,800.00	4,800.00	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		13,322.00	229,159.00	
CHM,HFS ACID,23%,BULK	1200647		7,843.00	122,623.00	
CHM,HFS ACID,23%,MINI BULK	1200648		0.00	0.00	
CHM,PACL,DELPC2020, BULK	1200702		113,945.00	1,627,954.00	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		6,807.00	48,418.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	17,564.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		110.00	5,170.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		3,638.00	44,434.00	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00	0.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		1,980.64	16,480.64	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		850.00	9,130.00	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	0.00	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		2,835.00	2,835.00	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		1,750.00	20,975.00	
<u>Allocated 2013 System Delivery</u>		29%	294,745.78	3,828,142.27	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2-Year Average Chemical Usage in Units:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		5,856.00	40,587.00	2013/2014 average chemicals used in units (lbs./gal) by month
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	1,640.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		3,003.23	5,128.23	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		20,879.00	242,986.00	

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,HFS ACID,23%,BULK	1200647		3,921.50	75,785.50	
CHM,HFS ACID,23%,MINI BULK	1200648		12,332.00	82,660.00	
CHM,PACL,DELPC2020, BULK	1200702		177,735.50	1,939,772.50	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		10,961.00	79,651.50	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		3,403.50	24,454.50	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	8,782.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	13,760.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		550.00	6,572.50	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		1,819.00	34,909.00	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		5,371.00	21,885.50	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		990.32	8,240.32	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		1,075.00	9,015.00	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	704.00	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		8,946.00	47,461.50	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		2,300.00	20,387.50	
<u>2-Year Average Allocated System Delivery</u>			293,754.31	3,967,114.93	2013/2014 average system delivery allocated to plant by month
<u>Historical Dosage per T-Gal Produced:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0199		2-year average chemical usage in units / 2-year average allocated system delivery
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0102		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0711		
CHM,HFS ACID,23%,BULK	1200647		0.0133		
CHM,HFS ACID,23%,MINI BULK	1200648		0.0420		
CHM,PACL,DELPC2020, BULK	1200702		0.6050		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0373		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0116		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0019		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0062		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0183		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0034		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0037		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0305		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0078		
<u>2016 BRIR Budgeted Dosage per T-Gal Produced:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0200		Historical Dosage per T-Gal Produced above with following modifications:
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0103		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0713		
CHM,HFS ACID,23%,BULK	1200647		0.0134		
CHM,HFS ACID,23%,MINI BULK	1200648		0.0421		
CHM,PACL,DELPC2020, BULK	1200702		0.6071		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0749	0.0488	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0000		Made dosages zero, as chemical usage is charged to waste disposal expense
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0183		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0037		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0257		Used 2014 dosages only as opposed to 2-year average, as it appears that system delivery mix between plants was materially different in 201:

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0000		Made dosages zero, as chemical usage is charged to waste disposal expense
<b>2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</b>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557				
CHM,CARBON,PAC LIGNITE,900LB	1200585				
CHM,CARBON,PAC WOOD BASED,750LB	1200588				
CHM,CHLORINE,100%,2000LB CYLINDER	1200597				
CHM,HFS ACID,23%,BULK	1200647		(0.0134)		
CHM,HFS ACID,23%,MINI BULK	1200648				
CHM,PACL,DELPC2020, BULK	1200702				
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		(0.0749)	(0.0488)	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281				
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171				
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815				
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761				
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531				
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871				
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900				
CHM,SODIUM HYDROXIDE,50%,BULK	1200928				
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880				
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952				
50/50 Polyphosphate	Not Obtained		0.06105		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2017 Final Adjusted Budgeted Dosage per T-Gal Produced:</b>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.0200		
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.0000		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.0103		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0713		
CHM,HFS ACID,23%,BULK	1200647		0.0000		
CHM,HFS ACID,23%,MINI BULK	1200648		0.0421		
CHM,PACL,DELPC2020, BULK	1200702		0.6071		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.0000		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.0000		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0000		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.0000		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.0000		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.0183		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0037		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.0000		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.0257		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.0000		
50/50 Polyphosphate			0.0611		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2017 Budgeted System Delivery</b>		<b>29%</b>	<b>306,030.43</b>	<b>3,925,782.41</b>	<b>Current Placeholder - will be updated when revenue budget is completed</b>
<b>2016 Budgeted Chemical Usage in Units:</b>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		6,121.39	39,224.86	Final 2016 Budgeted Chemicals in Units (lbs./gal.)
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588		3,139.33	5,203.59	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		21,825.21	233,528.79	
CHM,HFS ACID,23%,BULK	1200647		0.00	0.00	

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,HFS ACID,23%,MINI BULK	1200648		12,890.87	100,571.18	
CHM,PACL,DELPC2020, BULK	1200702		185,790.21	1,863,127.24	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00	0.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00	23,713.99	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		5,614.41	37,741.68	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		1,123.72	8,676.41	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	1,348.86	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		7,869.68	80,117.19	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.00	0.00	
50/50 Polyphosphate			18,684.20	239,682.33	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.00	0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00	0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2015 Actual Price per Unit:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.5833		Actual current year price per unit incurred by facility
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.9100		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.8410		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1749		
CHM,HFS ACID,23%,BULK	1200647		0.2265		
CHM,HFS ACID,23%,MINI BULK	1200648		0.2650		
CHM,PACL,DELPC2020, BULK	1200702		0.1297		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.3974		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.6800		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		2.4823		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.5059		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		2.3594		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1545		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1398		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.9026		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.4890		
50/50 Polyphosphate					
New Chemical #2					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per u
New Chemical #3					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per u
<u>2016 Price Increase (Decrease) per Supply Chain:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3.00%		2016 Price Increases per Guidance Provided by Supply Chain.
CHM,CARBON,PAC LIGNITE,900LB	1200585		3.00%		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		3.00%		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		3.00%		
CHM,HFS ACID,23%,BULK	1200647		1.00%		
CHM,HFS ACID,23%,MINI BULK	1200648		1.00%		
CHM,PACL,DELPC2020, BULK	1200702		3.00%		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00%		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00%		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00%		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00%		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00%		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00%		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.00%		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00%		

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3.00%		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		2.00%		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		3.00%		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		3.00%		
50/50 Polyphosphate					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price incre
New Chemical #2					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price incre
New Chemical #3					If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price incre
<u>2016 Budget Price per Unit:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		0.6008		
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.9373		
CHM,CARBON,PAC WOOD BASED,750LB	1200588		0.8662		
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1802		
CHM,HFS ACID,23%,BULK	1200647		0.2288		
CHM,HFS ACID,23%,MINI BULK	1200648		0.2677		
CHM,PACL,DELPC2020, BULK	1200702		0.1336		
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.3974		
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.4100		
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.6800		
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3400		
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		2.4823		
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.3280		
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		0.5059		
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		2.3594		
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1592		
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.1426		
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		0.9296		
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.5036		
50/50 Polyphosphate			0.4374		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.0000		If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2016 Budget Expense in Dollars:</u>					
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	3,677.50		23,564.82	
CHM,CARBON,PAC LIGNITE,900LB	1200585	0.00		0.00	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	2,719.31		4,507.39	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	3,932.75		42,080.27	
CHM,HFS ACID,23%,BULK	1200647	0.00		0.00	
CHM,HFS ACID,23%,MINI BULK	1200648	3,450.25		26,917.93	
CHM,PACL,DELPC2020, BULK	1200702	24,820.63		248,904.37	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	0.00		0.00	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	0.00		0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	0.00		0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	0.00		0.00	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	0.00		0.00	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	0.00		7,778.29	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	2,840.34		19,093.60	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	0.00		0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	178.86		1,381.02	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.00		192.31	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	7,315.93		74,479.77	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	0.00		0.00	
50/50 Polyphosphate		8,171.67		104,826.82	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2		0.00		0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3		0.00		0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

**CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2016 CHEMICAL BUDGET 57,107.24 553,726.57**

2016 Budgeted Price per Chemical After Price Increase Assumption

2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit

**Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)**

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>	<u>Notes</u>
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2015 CHEMICAL BUDGET			55,030.34	637,234.95	
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2014 ACTUAL COST			44,871.58	640,935.68	
Cost per 1000 gallons - 2016 Chemical Budget			0.1866	0.1410	
Cost per 1000 gallons - 2015 Chemical Budget			0.1877	0.1617	
Cost per 1000 gallons - 2014 Actual Cost			0.1533	0.1561	

**Note: Approximately \$55k of chemicals purchased form Aquatic Control, Inc. (Algimycin App)**

2017 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	3.00%
CHM,CARBON,PAC LIGNITE,900LB	1200585	3.00%
CHM,CARBON,PAC WOOD BASED,750LB	1200588	3.00%
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	3.00%
CHM,HFS ACID,23%,BULK	1200647	2.00%
CHM,HFS ACID,23%,MINI BULK	1200648	2.00%
CHM,PACL,DELPC2020, BULK	1200702	3.00%
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	3.00%
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	3.00%
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	3.00%
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	3.00%
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	2.00%
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	2.00%
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	2.00%
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	3.00%
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	3.00%
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	3.00%
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	3.00%
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	3.00%
50/50 Polyphosphate		3.00%
New Chemical #2		
New Chemical #3		

2016 Price Increases per Guidance Provided by Supply Chain.

If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price incre  
If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price incre

2017 Budget Price per Unit:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	0.6188
CHM,CARBON,PAC LIGNITE,900LB	1200585	0.9654
CHM,CARBON,PAC WOOD BASED,750LB	1200588	0.8922
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	0.1856
CHM,HFS ACID,23%,BULK	1200647	0.2333
CHM,HFS ACID,23%,MINI BULK	1200648	0.2730
CHM,PACL,DELPC2020, BULK	1200702	0.1376
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	0.4093
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	0.4223
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	0.7004
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	0.3502
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	2.5320
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	0.3346
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	0.5160
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	2.4302
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	0.1639
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	0.1468
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	0.9575
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	0.5187

2016 Budgeted Price per Chemical After Price Increase Assumption

KENTUCKY AMERICAN WATER  
 CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
 COST CENTER #120251  
 2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Dec</u>	<u>YTD</u>
50/50 Polyphosphate			0.4505	
New Chemical #2			0.0000	
New Chemical #3			0.0000	
<u>2017 Budget Expense in Dollars:</u>				
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557		3,787.82	24,271.76
CHM,CARBON,PAC LIGNITE,900LB	1200585		0.00	0.00
CHM,CARBON,PAC WOOD BASED,750LB	1200588		2,800.89	4,642.61
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		4,050.73	43,342.68
CHM,HFS ACID,23%,BULK	1200647		0.00	0.00
CHM,HFS ACID,23%,MINI BULK	1200648		3,519.25	27,456.28
CHM,PACL,DELPC2020, BULK	1200702		25,565.25	256,371.51
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523		0.00	0.00
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281		0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815		0.00	0.00
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761		0.00	7,933.85
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531		2,897.15	19,475.47
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		184.23	1,422.45
CHM,SODIUM HYDROXIDE,50%,BULK	1200928		0.00	198.08
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880		7,535.41	76,714.16
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952		0.00	0.00
50/50 Polyphosphate			8,416.82	107,971.62
New Chemical #2			0.00	0.00
New Chemical #3			0.00	0.00
<b>CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2017 CHEMICAL BUDGET</b>			<b>58,757.55</b>	<b>569,800.47</b>

Notes

If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.  
 If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.  
 If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit

If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.  
 If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.  
 If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

**Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)**



KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
2017 Central District System Delivery - Budget		
2015 Central District System Delivery - Budget		
2014 Central District System Delivery - Actual		
2013 Central District System Delivery - Actual		

**Richmond Road Station (RRS) Plant:**

2014 Monthly Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

Allocated 2014 System Delivery 29%

2013 Monthly Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

Allocated 2013 System Delivery 29%

2-Year Average Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER
COST CENTER #120251
2016 CHEMICALS BUDGET

Table with 2 columns: Chemical, Part Number, SD Allocated to Plant. Lists various chemicals like HFS ACID, PHOS, POLYMER, etc.

2-Year Average Allocated System Delivery

Historical Dosage per T-Gal Produced:

Table with 2 columns: Chemical, Part Number. Lists historical dosages for chemicals like AMMONIA, CARBON, CHLORINE, etc.

2016 BRIR Budgeted Dosage per T-Gal Produced:

Table with 2 columns: Chemical, Part Number. Lists budgeted dosages for chemicals like AMMONIA, CARBON, CHLORINE, etc.

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

, creating discrepancies in dosages. Also split Dec dosages between Nov/Dec, as no chemical issuances recorded in SAP for Nov. 2014

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	

2016 Operations Adjustments to Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

50/50 Polyphosphate Not Obtained  
New Chemical #2  
New Chemical #3

2017 Final Adjusted Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2017 Budgeted System Delivery 29%

2016 Budgeted Chemical Usage in Units:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2015 Actual Price per Unit:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

nit.  
nit.  
nit.

2016 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		ase.
New Chemical #2		ase.
New Chemical #3		ase.
<u>2016 Budget Price per Unit:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		
New Chemical #2		
New Chemical #3		
<u>2016 Budget Expense in Dollars:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		
New Chemical #2		
New Chemical #3		

CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2016 CHEMICAL BUDGET

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2015 CHEMICAL BUDGET		
CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2014 ACTUAL COST		

Cost per 1000 gallons - 2016 Chemical Budget  
Cost per 1000 gallons - 2015 Chemical Budget  
Cost per 1000 gallons - 2014 Actual Cost

**Note: Approximately \$55k of chemicals purchased form Aquatic Control, Inc. (Algimycin App)**

2017 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		ase.
New Chemical #2		ase.
New Chemical #3		ase.

2017 Budget Price per Unit:

CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557
CHM,CARBON,PAC LIGNITE,900LB	1200585
CHM,CARBON,PAC WOOD BASED,750LB	1200588
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,HFS ACID,23%,MINI BULK	1200648
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,50%,BULK	1200928
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - RICHMOND ROAD STATION COST CENTER  
COST CENTER #120251  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
50/50 Polyphosphate		
New Chemical #2		
New Chemical #3		
<u>2017 Budget Expense in Dollars:</u>		
CHM,AMMONIA,ANHYDROUS,100%,BULK	1200557	
CHM,CARBON,PAC LIGNITE,900LB	1200585	
CHM,CARBON,PAC WOOD BASED,750LB	1200588	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,HFS ACID,23%,MINI BULK	1200648	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	1201523	
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	1201281	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	1200815	
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	1200761	
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	1201531	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,50%,BULK	1200928	
CHM,SODIUM PERMANGANATE,20%,MINI BULK	1200880	
CHM,SODIUM THIOSULFATE,DRY,100%,50LB	1200952	
50/50 Polyphosphate		
New Chemical #2		
New Chemical #3		

CENTRAL DISTRICT - RICH. ROAD STATION PLANT 2017 CHEMICAL BUDGET





**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

Chemical	Part Number	SD Allocated to Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
			2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
<u>2-Year Average Allocated System Delivery</u>			206,605.21	186,318.78	196,328.96	194,995.81	217,596.74	228,386.60	244,049.20	241,345.25	231,755.58	213,869.39	187,598.06	187,834.73
<u>Historical Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566		0.0518	0.0459	0.0339	0.0240	0.0320	0.0511	0.0629	0.0690	0.0682	0.0561	0.0595	0.0570
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0468	0.0413	0.0387	0.0416	0.0320	0.0527	0.0805	0.0645	0.0678	0.0592	0.0603	0.0578
CHM,HFS ACID,23%,BULK	1200647		0.0450	0.0462	0.0462	0.0352	0.0214	0.0298	0.0405	0.0422	0.0459	0.0393	0.0422	0.0438
CHM,PACL,DELPC2020, BULK	1200702		0.5557	0.5309	0.3347	0.3261	0.2499	0.2379	0.4629	0.4534	0.5413	0.3767	0.3763	0.4507
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0109	0.0110	0.0121	0.0044	0.0047	0.0044	0.0046	0.0041	0.0054	0.0057	0.0050	0.0060
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	0.0001	0.0145	0.0129	0.0160	0.0171	0.0180	0.0146	0.0160	0.0161
CHM,POLYMER,FILTER AID	1201127		0.0000	0.0001	0.0000	0.0003	0.0002	0.0002	0.0016	0.0010	0.0003	0.0000	0.0003	0.0000
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.0076	0.0038	0.0047	0.0078	0.0033	0.0039	0.0018	0.0030	0.0018	0.0074	0.0036	0.0024
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		0.0052	0.0035	0.0029	0.0039	0.0047	0.0024	0.0052	0.0050	0.0067	0.0045	0.0038	0.0039
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000	0.0000	0.0000	0.0000	0.0000	0.0034	0.0064	0.0076	0.0080	0.0050	0.0031	0.0020
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0058	0.0054	0.0058	0.0028	0.0051	0.0064	0.0064	0.0046	0.0052	0.0066	0.0062	0.0067
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0065	0.0056	0.0037	0.0000	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0046	0.0041	0.0041	0.0051	0.0054	0.0036	0.0036	0.0037	0.0031	0.0041	0.0044	0.0033
<u>2017 BRIR Budgeted Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566		0.0540	0.0541	0.0389	0.0233	0.0307	0.0487	0.0578	0.0669	0.0689	0.0559	0.0588	0.0572
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0478	0.0485	0.0438	0.0403	0.0307	0.0502	0.0739	0.0626	0.0685	0.0590	0.0595	0.0580
CHM,HFS ACID,23%,BULK	1200647		0.0549	0.0596	0.0611	0.0341	0.0206	0.0284	0.0372	0.0410	0.0464	0.0392	0.0417	0.0440
CHM,PACL,DELPC2020, BULK	1200702		0.6161	0.6389	0.4034	0.3163	0.2397	0.2270	0.4250	0.4400	0.5471	0.3751	0.3714	0.4522
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.0134	0.0134	0.0154	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	0.0003	0.0278	0.0246	0.0294	0.0333	0.0364	0.0291	0.0317	0.0324
CHM,POLYMER,FILTER AID	1201127		0.0000	0.0000	0.0000	0.0006	0.0003	0.0002	0.0023	0.0015	0.0002	0.0000	0.0001	0.0000
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		0.0062	0.0039	0.0029	0.0037	0.0045	0.0023	0.0047	0.0048	0.0068	0.0045	0.0038	0.0039
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.0000	0.0000	0.0000	0.0000	0.0000	0.0032	0.0059	0.0074	0.0080	0.0050	0.0030	0.0021
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.0073	0.0070	0.0104	0.0027	0.0049	0.0061	0.0059	0.0044	0.0053	0.0065	0.0061	0.0067
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0127	0.1043	0.0075	0.0000	0.0000
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>2017 Operations Adjustments to Budgeted Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566													
CHM,CHLORINE,100%,2000LB CYLINDER	1200597													
CHM,HFS ACID,23%,BULK	1200647													
CHM,PACL,DELPC2020, BULK	1200702													
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		(0.0134)	(0.0134)	(0.0154)	(0.0003)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.0000	0.0000	0.0000	(0.0003)	(0.0278)	(0.0246)	(0.0294)	(0.0333)	(0.0364)	(0.0291)	(0.0317)	(0.0324)
CHM,POLYMER,FILTER AID	1201127													
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855													
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870													
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871					0.0037	0.0045							
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900													
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916													
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956													
50/50 Polyphosphate	Not Obtained		0.038226204	0.038226204	0.038226204	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823	0.03823
New Chemical #2														
New Chemical #3														
<u>2017 Final Adjusted Budgeted Dosage per T-Gal Produced:</u>														
CHM,AMMONIA,AQUA,19%,BULK	1200566		0.0540	0.0541	0.0389	0.0233	0.0307	0.0487	0.0578	0.0669	0.0689	0.0559	0.0588	0.0572
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.0478	0.0485	0.0438	0.0403	0.0307	0.0502	0.0739	0.0626	0.0685	0.0590	0.0595	0.0580
CHM,HFS ACID,23%,BULK	1200647		0.0549	0.0596	0.0611	0.0341	0.0206	0.0284	0.0372	0.0410	0.0464	0.0392	0.0417	0.0440
CHM,PACL,DELPC2020, BULK	1200702		0.6161	0.6389	0.4034	0.3163	0.2397	0.2270	0.4250	0.4400	0.5471	0.3751	0.3714	0.4522

KENTUCKY AMERICAN WATER
CENTRAL DISTRICT - KRSII COST CENTER
COST CENTER #120250
2016 CHEMICALS BUDGET

Table with columns: Chemical, Part Number, SD Allocated to Plant, and monthly budgeted amounts (Jan-Dec) for 2016, 2017, and 2015. Includes sub-sections for Budgeted System Delivery, Budgeted Chemical Usage in Units, Actual Price per Unit, and Price Increase/Decrease per Supply Chain.



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Cost per 1000 gallons - 2016 Chemical Budget			0.1406	0.1395	0.1038	0.0939	0.0832	0.0811	0.1298	0.1357	0.1655	0.1158	0.1093	0.1181
Cost per 1000 gallons - 2015 Chemical Budget			0.1183	0.0929	0.1169	0.1087	0.1178	0.1058	0.1541	0.1538	0.0778	0.0789	0.0987	0.0980
Cost per 1000 gallons - 2014 Actual Cost			0.1439	0.1329	0.0987	0.0747	0.0438	0.0845	0.1227	0.1377	0.1664	0.1040	0.0922	0.0843

2017 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,AQUA,19%,BULK	1200566		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,HFS ACID,23%,BULK	1200647		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CHM,PACL,DELPC2020, BULK	1200702		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,POLYMER,FILTER AID	1201127		0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
50/50 Polyphosphate			3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
New Chemical #2														
New Chemical #3														

2017 Budget Price per Unit:

CHM,AMMONIA,AQUA,19%,BULK	1200566		0.1326	0.1326	0.1326	0.1326	0.1326	0.1326	0.1326	0.1326	0.1326	0.1326	0.1326	0.1326
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		0.1856	0.1856	0.1856	0.1856	0.1856	0.1856	0.1856	0.1856	0.1856	0.1856	0.1856	0.1856
CHM,HFS ACID,23%,BULK	1200647		0.2333	0.2333	0.2333	0.2333	0.2333	0.2333	0.2333	0.2333	0.2333	0.2333	0.2333	0.2333
CHM,PACL,DELPC2020, BULK	1200702		0.1376	0.1376	0.1376	0.1376	0.1376	0.1376	0.1376	0.1376	0.1376	0.1376	0.1376	0.1376
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.7004	0.7004	0.7004	0.7004	0.7004	0.7004	0.7004	0.7004	0.7004	0.7004	0.7004	0.7004
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.3502	0.3502	0.3502	0.3502	0.3502	0.3502	0.3502	0.3502	0.3502	0.3502	0.3502	0.3502
CHM,POLYMER,FILTER AID	1201127		1.2800	1.3056	1.3056	1.3056	1.3056	1.3056	1.3056	1.3056	1.3056	1.3056	1.3056	1.3056
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		1.6200	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		2.4082	2.4082	2.4082	2.4082	2.4082	2.4082	2.4082	2.4082	2.4082	2.4082	2.4082	2.4082
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		2.5031	2.5031	2.5031	2.5031	2.5031	2.5031	2.5031	2.5031	2.5031	2.5031	2.5031	2.5031
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		0.1639	0.1639	0.1639	0.1639	0.1639	0.1639	0.1639	0.1639	0.1639	0.1639	0.1639	0.1639
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.0936	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.2257	0.2257	0.2257	0.2257	0.2257	0.2257	0.2257	0.2257	0.2257	0.2257	0.2257	0.2257
50/50 Polyphosphate			0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914
New Chemical #2			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
New Chemical #3			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

2017 Budget Expense in Dollars:

CHM,AMMONIA,AQUA,19%,BULK	1200566		1,344.48	1,291.28	1,043.50	589.21	879.23	1,498.68	1,966.25	2,101.28	1,949.02	1,584.64	1,440.00	1,484.85
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		1,666.83	1,620.39	1,646.58	1,429.81	1,231.69	2,163.31	3,519.24	2,752.06	2,710.86	2,340.20	2,039.46	2,105.01
CHM,HFS ACID,23%,BULK	1200647		2,405.89	2,503.47	2,887.29	1,520.72	1,036.52	1,539.26	2,228.01	2,265.28	2,306.64	1,954.64	1,796.12	2,008.57
CHM,PACL,DELPC2020, BULK	1200702		15,916.99	15,829.64	11,237.82	8,310.64	7,126.35	7,245.08	15,010.06	14,337.15	16,051.83	11,035.59	9,442.63	12,176.67
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POLYMER,FILTER AID	1201127		0.00	0.00	0.00	151.29	96.99	48.07	770.22	476.08	58.28	0.00	17.77	0.00
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		2,806.24	1,707.06	1,421.61	1,720.07	2,322.27	1,298.45	2,926.30	2,744.50	3,482.55	2,310.81	1,690.38	1,855.31
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	0.00	0.00	1,787.84	2,413.76	1,867.39	3,788.40	4,390.96	4,289.01	2,672.19	1,405.34	1,007.38
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		226.02	206.00	343.66	84.79	174.80	230.39	246.38	172.63	184.33	228.79	184.96	214.22
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.00	0.00	0.00	0.00	0.00	0.00	0.00	283.21	2,103.59	150.78	0.00	0.00
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50/50 Polyphosphate			2,809.07	2,694.16	3,028.93	2,857.26	3,233.21	3,470.78	3,840.22	3,542.56	3,190.05	3,199.10	2,764.65	2,927.78

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
New Chemical #2			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Chemical #3			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET</b>			<b>27,175.52</b>	<b>25,852.00</b>	<b>21,609.39</b>	<b>18,451.62</b>	<b>18,514.82</b>	<b>19,361.42</b>	<b>34,295.08</b>	<b>33,065.72</b>	<b>36,326.15</b>	<b>25,476.74</b>	<b>20,781.33</b>	<b>23,779.77</b>

**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>
2017 Central District System Delivery - Budget			13,366,640.84	Updated for 2016 Budgeted SD entered into hyperion as of May 29
2015 Central District System Delivery - Budget			13,418,971.48	Budgeted 2015 District Total System Delivery in T-gal
2014 Central District System Delivery - Actual			13,980,550.14	Actual 2014 District Total System Delivery in T-gal
2013 Central District System Delivery - Actual			13,034,192.28	Actual 2013 District Total System Delivery in T-gal
<b><u>KRS II Plant:</u></b>				
<u>2014 Monthly Chemical Usage in Units:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		129,525.00	Actual 2014 Chemicals used in units (lbs./gal) by month
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		132,794.00	
CHM,HFS ACID,23%,BULK	1200647		110,198.00	
CHM,PACL,DELPC2020, BULK	1200702		1,053,567.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		8,787.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		55,030.00	
CHM,POLYMER,FILTER AID	1201127		1,294.00	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		8,224.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		4,437.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		16,115.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		13,483.00	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		28,671.00	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		10,775.00	
<u>Allocated 2014 System Delivery</u>		<b>19%</b>	2,625,547.32	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2013 Monthly Chemical Usage in Units:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		132,302.00	Actual 2013 Chemicals used in units (lbs./gal) by month
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		142,828.00	
CHM,HFS ACID,23%,BULK	1200647		90,987.00	
CHM,PACL,DELPC2020, BULK	1200702		1,017,280.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		23,549.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	
CHM,POLYMER,FILTER AID	1201127		597.00	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		13,050.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		17,669.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		0.00	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		14,800.00	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		0.00	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		9,910.00	
<u>Allocated 2013 System Delivery</u>		<b>19%</b>	2,447,821.31	System delivery allocated to plant based on 2014 actuals - Central District has 3 plants
<u>2-Year Average Chemical Usage in Units:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		130,913.50	2013/2014 average chemicals used in units (lbs./gal) by month
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		137,811.00	
CHM,HFS ACID,23%,BULK	1200647		100,592.50	
CHM,PACL,DELPC2020, BULK	1200702		1,035,423.50	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		16,168.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		27,515.00	
CHM,POLYMER,FILTER AID	1201127		945.50	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		10,637.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		11,053.00	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		8,057.50	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		14,141.50	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		14,335.50	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		10,342.50	



KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
50/50 Polyphosphate				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2017 Budgeted System Delivery</b>		<b>19%</b>	2,510,255.15	Current Placeholder - will be updated when revenue budget is completed
<b>2017 Budgeted Chemical Usage in Units:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		129,493.81	Final 2016 Budgeted Chemicals in Units (lbs./gal.)
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		135,913.81	
CHM,HFS ACID,23%,BULK	1200647		104,790.27	
CHM,PACL,DELPC2020, BULK	1200702		1,044,458.85	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	
CHM,POLYMER,FILTER AID	1201127		1,239.81	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		10,914.82	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		9,437.10	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		15,230.65	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		26,837.35	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	
50/50 Polyphosphate			95,957.52	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2			0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2015 Actual Price per Unit:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566			Actual current year price per unit incurred by facility
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
New Chemical #1				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price per unit.
<b>2016 Price Increase (Decrease) per Supply Chain:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566			2016 Price Increases per Guidance Provided by Supply Chain.
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,HFS ACID,23%,BULK	1200647			



**KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET**

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
New Chemical #1				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
<b>2016 Budget Price per Unit:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566			2016 Budgeted Price per Chemical After Price Increase Assumption
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
50/50 Polyphosphate				
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>2016 Budget Expense in Dollars:</b>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		16,672.25	2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		24,490.72	
CHM,HFS ACID,23%,BULK	1200647		23,972.94	
CHM,PACL,DELPC2020, BULK	1200702		139,534.42	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	
CHM,POLYMER,FILTER AID	1201127		1,586.95	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		25,519.95	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		22,934.25	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		2,424.24	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		2,463.67	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	
50/50 Polyphosphate			36,463.86	
New Chemical #2			0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3			0.00	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<b>CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET</b>			<b>296,063.26</b>	<b>Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)</b>
CENTRAL DISTRICT - KRSII PLANT 2015 CHEMICAL BUDGET			281,109.45	
CENTRAL DISTRICT - KRSII PLANT 2014 ACTUAL COST			284,093.36	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>	<u>Notes</u>
Cost per 1000 gallons - 2016 Chemical Budget			0.1179	
Cost per 1000 gallons - 2015 Chemical Budget			0.1115	
Cost per 1000 gallons - 2014 Actual Cost			0.1082	
<u>2017 Price Increase (Decrease) per Supply Chain:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566			2016 Price Increases per Guidance Provided by Supply Chain.
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
50/50 Polyphosphate				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left. BRIR Group will input price increase.
<u>2017 Budget Price per Unit:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566			2016 Budgeted Price per Chemical After Price Increase Assumption
CHM,CHLORINE,100%,2000LB CYLINDER	1200597			
CHM,HFS ACID,23%,BULK	1200647			
CHM,PACL,DELPC2020, BULK	1200702			
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171			
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667			
CHM,POLYMER,FILTER AID	1201127			
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855			
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870			
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871			
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900			
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916			
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956			
50/50 Polyphosphate				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #2				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
New Chemical #3				If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.
<u>2017 Budget Expense in Dollars:</u>				
CHM,AMMONIA,AQUA,19%,BULK	1200566		17,172.42	2016 Budgeted Chemical Usage in Units multiplied by 2016 Budgeted Price per Unit
CHM,CHLORINE,100%,2000LB CYLINDER	1200597		25,225.44	
CHM,HFS ACID,23%,BULK	1200647		24,452.40	
CHM,PACL,DELPC2020, BULK	1200702		143,720.46	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171		0.00	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667		0.00	
CHM,POLYMER,FILTER AID	1201127		1,618.69	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855		0.00	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870		26,285.55	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871		23,622.28	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900		2,496.97	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916		2,537.58	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956		0.00	
50/50 Polyphosphate			37,557.78	If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>	<u>YTD</u>
New Chemical #2			0.00
New Chemical #3			0.00
<b>CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET</b>			<b>304,689.56</b>

Notes

If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.  
If new chemical not used in 2013/2014 needs to be added, list chemical description and part number at left.

Total 2016 Cost Center Chemical Budget by Month (Compare to 2015 Budget and 2014 Actual Cost Below for Reasonableness)

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
2017 Central District System Delivery - Budget		
2015 Central District System Delivery - Budget		
2014 Central District System Delivery - Actual		
2013 Central District System Delivery - Actual		

**KRS II Plant:**

<u>2014 Monthly Chemical Usage in Units:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Allocated 2014 System Delivery 19%

<u>2013 Monthly Chemical Usage in Units:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

Allocated 2013 System Delivery 19%

<u>2-Year Average Chemical Usage in Units:</u>		
CHM,AMMONIA,AQUA,19%,BULK	1200566	
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	
CHM,HFS ACID,23%,BULK	1200647	
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

Chemical                      Part      SD Allocated  
Number                      to Plant  
2-Year Average Allocated System Delivery

Historical Dosage per T-Gal Produced:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

2017 BRIR Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,AQUA,19%,BULK	1200566	: in dosages
CHM,CHLORINE,100%,2000LB CYLINDER	1200597	: in dosages
CHM,HFS ACID,23%,BULK	1200647	: in dosages
CHM,PACL,DELPC2020, BULK	1200702	: in dosages
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	: in dosages
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	: in dosages
CHM,POLYMER,FILTER AID	1201127	: in dosages
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	: in dosages
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	: in dosages
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	: in dosages
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	: in dosages
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

2017 Operations Adjustments to Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate                      Not Obtained  
New Chemical #2  
New Chemical #3

2017 Final Adjusted Budgeted Dosage per T-Gal Produced:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2017 Budgeted System Delivery 19%

2017 Budgeted Chemical Usage in Units:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2015 Actual Price per Unit:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

New Chemical #1  
New Chemical #2  
New Chemical #3

2016 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
CHM,PACL,DELPC2020, BULK	1200702	
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171	
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667	
CHM,POLYMER,FILTER AID	1201127	
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855	
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870	
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871	
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900	
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916	
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956	

New Chemical #1  
New Chemical #2  
New Chemical #3

2016 Budget Price per Unit:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2016 Budget Expense in Dollars:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET

CENTRAL DISTRICT - KRSII PLANT 2015 CHEMICAL BUDGET  
CENTRAL DISTRICT - KRSII PLANT 2014 ACTUAL COST

KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
Cost per 1000 gallons - 2016 Chemical Budget		
Cost per 1000 gallons - 2015 Chemical Budget		
Cost per 1000 gallons - 2014 Actual Cost		

2017 Price Increase (Decrease) per Supply Chain:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2017 Budget Price per Unit:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate  
New Chemical #2  
New Chemical #3

2017 Budget Expense in Dollars:

CHM,AMMONIA,AQUA,19%,BULK	1200566
CHM,CHLORINE,100%,2000LB CYLINDER	1200597
CHM,HFS ACID,23%,BULK	1200647
CHM,PACL,DELPC2020, BULK	1200702
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	1201171
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	1200667
CHM,POLYMER,FILTER AID	1201127
CHM,POLYMER,SLUDGE CEDARFLOC 312,55GA	1200855
CHM,POTASSIUM PERMANGANATE,100%,330LB	1200870
CHM,POTASSIUM PERMANGANATE,100%,55LB	1200871
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	1200900
CHM,SODIUM HYDROXIDE,25%,BULK 403	1200916
CHM,SODIUM THIOSULFATE,LIQUID,30%,BULK	1200956

50/50 Polyphosphate



KENTUCKY AMERICAN WATER  
CENTRAL DISTRICT - KRSII COST CENTER  
COST CENTER #120250  
2016 CHEMICALS BUDGET

<u>Chemical</u>	<u>Part Number</u>	<u>SD Allocated to Plant</u>
New Chemical #2		
New Chemical #3		

CENTRAL DISTRICT - KRSII PLANT 2016 CHEMICAL BUDGET

		No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project
		Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose	Plan_PreClose
		Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working	Working
		Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input	Revenue Model Input
		Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions
		No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner
		2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	DECYTD	
E120205_CEN-Admin & Gen	System delivery gross	999,736.09	958,837.51	1,077,983.80	1,016,886.34	1,150,685.71	1,235,234.83	1,366,715.64	1,260,782.47	1,135,323.17	1,138,544.37	983,927.84	1,041,983.08	13,366,640.84	
E123005_NRTH-Admin & Gen	System delivery gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
E12B_Kentucky Base	System delivery gross	999,736.09	958,837.51	1,077,983.80	1,016,886.34	1,150,685.71	1,235,234.83	1,366,715.64	1,260,782.47	1,135,323.17	1,138,544.37	983,927.84	1,041,983.08	13,366,640.84	
E12_Kentucky American	System delivery gross	999,736.09	958,837.51	1,077,983.80	1,016,886.34	1,150,685.71	1,235,234.83	1,366,715.64	1,260,782.47	1,135,323.17	1,138,544.37	983,927.84	1,041,983.08	13,366,640.84	

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Kevin N. Rogers**

- 71.** Reference the Kentucky American Water application generally. Provide, for each of the past five years, the volume of water sold, volume of each chemical utilized, kwhs of electricity utilized, and volume of fuel utilized.

**Response:**

<b>Year</b>	<b>kWh</b>	<b>Water Sold (000s Gals)</b>	<b>Fuel Used (Gals)</b>
2011	51,024,875	11,912,443	1414
2012	57,553,212	12,508,400	2220
2013	51,598,846	11,425,674	552
2014	52,186,785	11,809,349	4783
2015	52,891,512	12,150,635	1566

<b>Chemical 2011</b>	<b>Lbs</b>
Ammonia - Anhyd,100%-Bulk	106,577
Ammonia - Aqua,19%-Bulk	122,006
Carbon - PAC,AquaNuchar Carbon	43,960
Chlorine ,100%	846,755
Copper Sulfate,20%	6,250
Ferric Chlor Polymr, 10% AS2820	382,714
Ferric Chloride,38%-Bulk	32,604
HFS Acid,23%	514,947
PACL,Delpc2020/Strnsn70-Bulk	4,717,743
PolyAluminum Chloride/Polymer Blend	1,087,858
Polymer Filter Aid	120
Polymr,An,CedarFloc 551	2,535
Polymr,Cat,CedarFloc 524	280,250
Polymr,Cat,CedarFloc 526	253
Polymr,Non,Superfloc 1986N	8,602
Pot.Permanganate,100%-55LB	46,142
Sod.Permanganate, 20%-5GA	31,786
Sodium Chloride,90% Pure-50LB	25,058
Sodium Hydrox,25%-Bulk	91,218
Sodium Hydrox,30%-55GA	90,086
Sodium Hydrox,50%	268,041
Sulfuric Acid,38.5%-55GA	65,215
Zn Ortho(Sulfate) ,(1:10)-Bulk	348,380

<b>Chemical 2012</b>	<b>Lbs</b>
Ammonia - Anhyd,100%-Bulk	111,570
Ammonia - Aqua,19%-Bulk	87,980
Carbon - PAC,AquaNuchar Carbon	30,500
Chlorine ,100%	880,400
Copper Sulfate,20%	18,700
Ferric Chlor Polymr,10% AS2820	304,300
Ferric Chloride,38%-Bulk	1,034,700
HFS Acid,23%	727,620
PACL,Delpc2020/Strnsn70-Bulk	4,387,360
Polymr,An,CedarFloc 551	1,350
Polymr,Cat,CedarFloc 524	314,400
Polymr,Non,Superfloc 1986N	7,440
Pot.Permanganate,100%	25,331
Sod.Permanganate, 20%-5GA	33,853
Sodium Chloride,90% Pure-50LB	51,540
Sodium Hydrox,25%-Bulk	84,260
Sodium Hydrox,30%	69,538
Sodium Hydrox,50%	467,780
Sulfuric Acid,38.5%-55GA	76,976
Zn Ortho(Sulfate) ,(1:10)-Bulk	494,560
<b>Chemical 2013</b>	<b>Lbs</b>
CHM,ACID,SULFURIC,38.5%,55GA	47,811
CHM,AMMONIA,ANHYDROUS,100%,BULK	105,703
CHM,AMMONIA,AQUA,19%,BULK	132,302
CHM,CARBON,PAC LIGNITE,900LB	3,280
CHM,CARBON,PAC WOOD BASED,750LB	23,983
CHM,CHLORINE,100%	788,759
CHM,FERRIC,CHLORID PLYMR AS2820,10%,BULK	342,397
CHM,HFS ACID,23%	697,683
CHM,PAACL,DELPC2020, BULK	6,124,098
CHM,PHOS,ORTHO,POLY,CEDARCLEAR 417,TOTE	464,891
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	41,113
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	63,922
CHM,POLYMER,ANIONC CEDRFLOC 551,55GA	930
CHM,POLYMER,ANIONC POL-EZ2706,55GA	1,670
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	5,170
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	274,970
CHM,POLYMER,FILTER AID	597
CHM,POTASSIUM PERMANGANATE,100%	37,312
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	61,430
CHM,SODIUM HYDROXIDE,30%,55GA	55,696
CHM,SODIUM HYDROXIDE,50%	62,472
CHM,SODIUM PERMANGANATE,20%	22,056

<b>Chemical 2014</b>	<b>Lbs</b>
CHM,ACID,SULFURIC,38.5%,55GA	2,920
CHM,ALUM,CL HYDROX SULFAT,DLPAC812,BULK	90,080
CHM,AMMONIA,ANHYDROUS,100%,BULK	131,753
CHM,AMMONIA,AQUA,19%,BULK	129,525
CHM,CARBON,PAC WOOD BASED,750LB	10,556
CHM,CHLORINE,100%	770,720
CHM,COPPER SULFATE,100%,5LB	237
CHM,FERRIC,CHLORID POLYMR AS2820,10%,BULK	36,775
CHM,HFS ACID,23%	625,331
CHM,PACL,DELPC2020, BULK	5,581,812
CHM,PHOS,ORTH-PLY CARUS 8600	570,931
CHM,PHOSPHATE,ORTHO,POLY,CEDARCLEAR 417	491
CHM,PHOSPHATE,ORTH-PLY CARUS 4100,BULK	8,787
CHM,POLYMER,ANIONC CEDRFLOC 551,55GA	465
CHM,POLYMER,ANIONC POL-EZ2706,55GA	72
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	7,425
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	223,894
CHM,POLYMER,FILTER AID	1,294
CHM,POTASSIUM PERMANGANATE,100%	20,552
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	50,433
CHM,SODIUM HYDROXIDE,25%,BULK 403	28,671
CHM,SODIUM HYDROXIDE,50%	8,648
CHM,SODIUM PERMANGANATE,20%,50GA	87,261

<b>Chemical 2015</b>	<b>Lbs</b>
CHM,AMMONIA,ANHYDROUS,100%,BULK	111,562
CHM,AMMONIA,AQUA,19%,BULK	134,310
CHM,CARBON,PAC WOOD BASED,750LB	28,244
CHM,CHLORINE,100%,2000LB CYLINDER	772,759
CHM,FERRIC,CHLORID,38%,BULK	1,692,974
CHM,HFS ACID,23%	525,517
CHM,PHOSPHATE,ORTH-PLY CARUS 8500,BULK	16,958
CHM,PHOSPHATE,ORTH-PLY CARUS 8600,BULK	383,283
CHM,PACL,DELPC2020, BULK	5,079,542
CHM,POLYMER,CATIONC CEDRFLOC 524,BULK	101,981
CHM,POLYMER,CATIONC CEDRFLOC 408,50LB	5,500
CHM,POLYMER,NONIONC SPRFLOC1986N,55GA	2,325
CHM,POTASSIUM PERMANGANATE,100%,55LB	23,961
CHM,SODIUM PERMANGANATE,20%	74,445
CHM,SODIUM CHLORIDE,90% PURE,50LB 704	38,085
CHM,SODIUM HYDROXIDE,50%,BULK	262,335
CHM,POLYMER,FILTER AID	619
CHM,PHOS,ORTH-PLY CARUS 8600,MINI BULK	170,334
CHM,POLYMER,CATIONC CEDRFLOC524,MINIBULK	42,722

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers/Linda C. Bridwell**

- 72.**      Reference the Kentucky American Water application. Describe the “need to begin removing waste from the KRS II intake structure beginning in 2016” as referenced on page 16, lines 9-10 of Ms. Bridwell’s testimony, and state why this was not previously required.

**Response:**

The intake structure was determined to have an accumulation of solids on the caisson floor found during periodic diving inspections. After removal of solids several times after the plant in-service date, it was determined that a more routine cleaning schedule is needed. The year 2016 is the first year that the scheduled cleaning will be performed. Sludge accumulation rates were unknown until a history developed.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

- 73.**      Reference the Kentucky American Water application generally. Provide the waste disposal costs in each of the past five years. Include both the volume of waste removed as well as the annual removal costs.

**Response:**

Year	Waste Removed (Tons)	Cost
2011	30,518	\$423,621
2012	10,728	\$390,068
2013	32,173	\$483,213
2014	10,624	\$328,242
2015	37,815	\$368,694



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers/Linda C. Bridwell**

- 74.**      Reference the Kentucky American Water application generally. Provide the underlying assumptions and calculations showing how the estimated waste removal costs for KRS II were determined.

**Response:**

Waste removal costs for KRS II are determined consistent with the other treatment facilities. The additional waste removal costs were determined by historical actual vendor invoice data charged for the removal of sludge from the intake structure caisson. An estimated removal of once per year, by contractor, per historical reference was used for budgetary and rate case filing purposes.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 75.**     Reference the Kentucky American Water application generally. For each entity included in contract services, provide the actual costs incurred in each of the past five years.

**Response:**

Please refer to the attachment for actual costs incurred from January 1, 2011 through December 31, 2015. The attachment details the breakdown of the entities included in contract services in the last five years.

Kentucky-American Water Company  
KAW\_R\_AGDR1\_NUM075\_032416  
Contract Services Expense  
January 1, 2011 - December 31, 2015

G/L Acct	G/L Acct Description	Vendor/Description	2011	2012	2013	2014	2015
53110011	Contr Svc-Eng SS	K & A Industries Inc		\$0	\$41	\$1,345	(\$875)
53110011	Contr Svc-Eng SS	Laurel Oak Properties		\$0			186
53110011	Contr Svc-Eng SS	Randy Walker Electric		\$0		804	
53110011	Contr Svc-Eng SS	Sentinel Offender Service		\$0	938		
53110011	Contr Svc-Eng SS	Tyco Integrated Security LLC		\$0		1,557	314
53110011	Contr Svc-Eng SS	U S Security Associates Inc		\$0			376
53110011	Contr Svc-Eng SS	Yoh Services, LLC		\$0			2,016
53110016	Contr Svc-Eng AG	CDP Engineers Inc.		\$0	111	1,972	(1,972)
53110016	Contr Svc-Eng AG	GRIR Non-Inventory		\$0		27,741	66,246
53110016	Contr Svc-Eng AG	Integrated Engineering PLLC		\$0		17,868	5,847
53110016	Contr Svc-Eng AG	Perfection Group, Inc.		\$0		1,259	
53110016	Contr Svc-Eng AG	Randy Walker Electric		\$0		103	
53110016	Contr Svc-Eng AG	Reclass - Capital Additions		\$0		(38,310)	
53110016	Contr Svc-Eng AG	Reclass - Indirect Overhead		\$0			(25,845)
53110016	Contr Svc-Eng AG	Reversal - Use Tax		\$0			(324)
53110016	Contr Svc-Eng AG	Shield Environmental Association Inc		\$0			5,724
53150011	Contr Svc-Other SS	Dorma - Carolina		\$0	333		
53150011	Contr Svc-Other SS	General Rubber & Plastic		\$105			
53150011	Contr Svc-Other SS	Tyco Integrated Security LLC		\$0		318	
53150013	Contr Svc-Other WT	A/P - Pcard Accruals		\$104	383	(315)	(454)
53150013	Contr Svc-Other Oper WT	Accruals - Misc	\$68	(\$12,922)			
53150013	Contr Svc-Other Oper WT	ADS Environmental Services Inc	2,895	\$0			
53150013	Contr Svc-Other WT	ADS, LLC		\$0		5,202	
53150013	Contr Svc-Other WT	American Water Capital Corp		\$0	(1,903)		
53150013	Contr Svc-Other WT	Aquatic Control Inc		\$12,642			
53150013	Contr Svc-Other WT	Art's Rental Equipment		\$0			261
53150013	Contr Svc-Other WT	Axis Enterprises Inc		\$1,063			
53150013	Contr Svc-Other WT	Bluegrass Area Development District		\$0		7,950	7,950
53150013	Contr Svc-Other WT	Buycrash		\$0			224
53150013	Contr Svc-Other Oper WT	C B Construction Co	5,040	\$0			
53150013	Contr Svc-Other WT	Calibration Labor		\$0		1,601	
53150013	Contr Svc-Other WT	Central Equipment		\$0		749	
53150013	Contr Svc-Other WT	Commonwealth Communications Of KY		\$0	2,353	2,680	
53150013	Contr Svc-Other Oper WT	Commonwealth Communications Of KY		\$521			
53150013	Contr Svc-Other WT	Concentra Medical Centers		\$0	4,338		
53150013	Contr Svc-Other WT	Continental Hydrodyne		\$0			1,979
53150013	Contr Svc-Other WT	Critter Control		\$611			389
53150013	Contr Svc-Other Oper WT	Dickersons Refrigeration	559	\$110			
53150013	Contr Svc-Other WT	Electrical Apparatus Service Association		\$2,515			
53150013	Contr Svc-Other WT	Evoqua Water Technologies LLC		\$0		5,061	1,461
53150013	Contr Svc-Other WT	Feeney Wireless LLC		\$0		90	
53150013	Contr Svc-Other WT	GE Analytical Instruments Inc		\$5,595			
53150013	Contr Svc-Other Oper WT	GE Analytical Instruments Inc	5,446	\$0			
53150013	Contr Svc-Other WT	Geochemical Testing		\$0		1,382	
53150013	Contr Svc-Other WT	Glenwood Electric Inc		\$0		2,239	
53150013	Contr Svc-Other WT	Greenwater Laboratories		\$0	600		
53150013	Contr Svc-Other WT	GRIR Non-Inventory		\$0		44,657	40,029
53150013	Contr Svc-Other WT	Grott Locksmith Center Inc		\$0			345
53150013	Contr Svc-Other WT	Hach Co		\$23,680	96,592	88,154	(21,890)
53150013	Contr Svc-Other Oper WT	Hach Co.	72,697	\$42,366			
53150013	Contr Svc-Other Oper WT	Hall Brothers Mowing & More		\$400			
53150013	Contr Svc-Other Oper WT	Herb Geddes Fence Company		\$0	1,495		
53150013	Contr Svc-Other Oper WT	Industrial Scientific Corp	1,764	\$0			
53150013	Contr Svc-Other Oper WT	Ivey Mechanical Company LLC	905	\$0			
53150013	Contr Svc-Other Oper WT	J K Christopher Excavating		\$15,550	4,270	8,400	
53150013	Contr Svc-Other Oper WT	J K Christopher Excavating	109,115	\$37,378			
53150013	Contr Svc-Other WT	Kebco Inc		\$4,983		1,593	3,226
53150013	Contr Svc-Other Oper WT	Kebco Inc	5,478	\$5,014			
53150013	Contr Svc-Other WT	Landmark Sprinkler Inc		\$0	385	385	385
53150013	Contr Svc-Other WT	Lexington Tree Service Inc		\$0	2,855		
53150013	Contr Svc-Other Oper WT	Lexington Tree Service Inc	2,193	\$813			
53150013	Contr Svc-Other Oper WT	Lexington Window Cleaning		\$465			
53150013	Contr Svc-Other WT	Living Waters Co Inc		\$1,161			
53150013	Contr Svc-Other WT	Martins Sanitation Service Inc		\$0		334	
53150013	Contr Svc-Other WT	Metro Towing LLC		\$0			129
53150013	Contr Svc-Other WT	Miller Septic Service		\$0	318	371	
53150013	Contr Svc-Other WT	Monthie Mechanical Inc		\$1,128	3,489	2,012	716
53150013	Contr Svc-Other Oper WT	Monthie Mechanical Inc	1,001	\$2,023			
53150013	Contr Svc-Other WT	Occupational Health & Hygiene		\$0	530		
53150013	Contr Svc-Other WT	Orkin Exterminating Co		\$487	763	571	
53150013	Contr Svc-Other Oper WT	Orkin Exterminating Co	715	\$195			
53150013	Contr Svc-Other WT	Owens Communications Inc		\$0		650	
53150013	Contr Svc-Other Oper WT	Pace Analytical Services Inc		\$240			
53150013	Contr Svc-Other Oper WT	Pearce Blackburn Roofing Inc		\$410			
53150013	Contr Svc-Other WT	Pettit Environmental Inc		\$0			1,431
53150013	Contr Svc-Other WT	Phenova Inc.		\$0			527
53150013	Contr Svc-Other WT	Pop-A-Lock Of Lexington		\$0	45		

G/L Acct	G/L Acct Description	Vendor/Description	2011	2012	2013	2014	2015
53150013	Contr Svc-Other Oper WT	Radden & Son Inc	1,295	\$0			
53150013	Contr Svc-Other WT	Reclass - Chemicals		\$0		(42,855)	
53150013	Contr Svc-Other WT	Reversal - Use Tax		(\$3,531)			
53150013	Contr Svc-Other WT	Rodney Cobb - Rodney Lawn Care		\$8,455	25,068	6,591	631
53150013	Contr Svc-Other Oper WT	Rodney Cobb - Rodney Lawn Care	6,419	\$11,766			
53150013	Contr Svc-Other Oper WT	Roto Rooter		\$0		1,383	251
53150013	Contr Svc-Other Oper WT	Safety Kleen Systems Inc	509	\$0			
53150013	Contr Svc-Other Oper WT	Scientific Equipment Service		\$0	2,821	666	1,381
53150013	Contr Svc-Other Oper WT	Scientific Equipment Svc	3,564	\$1,683			
53150013	Contr Svc-Other Oper WT	Siemens Industry Inc		\$1,938	3,344		
53150013	Contr Svc-Other Oper WT	Siemens Industry Inc	429	\$0			
53150013	Contr Svc-Other Oper WT	Siemens Water Technology		\$1,123			1,438
53150013	Contr Svc-Other Oper WT	Siemens Water Technology	5,792	\$4,760			
53150013	Contr Svc-Other Oper WT	Simplex Grinnell		\$4,169	19,448	9,783	16,927
53150013	Contr Svc-Other Oper WT	Simplex Grinnell	6,353	\$0			
53150013	Contr Svc-Other Oper WT	Sonnys Plumbing Repair	500	\$0			
53150013	Contr Svc-Other Oper WT	Stanley Steemer	99	\$0			
53150013	Contr Svc-Other Oper WT	Stephen Hillenmeyer Landscape Services		\$4,316	49,121		
53150013	Contr Svc-Other Oper WT	Stephen Hillenmeyer Landscape Services	13,830	\$1,605			
53150013	Contr Svc-Other Oper WT	Terminix		\$156	575	1,004	993
53150013	Contr Svc-Other Oper WT	Terminix Intl		\$406			
53150013	Contr Svc-Other Oper WT	The Evergreen Group		\$0			3,023
53150013	Contr Svc-Other Oper WT	The Evergreen Group		\$304			
53150013	Contr Svc-Other Oper WT	Thoroughbred Gates & Security LLC		\$135	253	1,964	
53150013	Contr Svc-Other Oper WT	Trueup - Amortization		\$0		(1,611)	
53150013	Contr Svc-Other Oper WT	United Rentals Inc		\$0			45
53150013	Contr Svc-Other Oper WT	UVP, LLC	241	\$0			
53150013	Contr Svc-Other Oper WT	Wilson Nurseries Inc	1,090	\$0			
53150014	Contr Svc-Other TD	A/P - Pcard Accruals		\$175	488	(673)	210
53150014	Contr Svc-Other Oper TD	Accruals - Misc	(7,502)	\$5,675			
53150014	Contr Svc-Other Oper TD	ADS Environmental Services Inc	2,062	\$0			
53150014	Contr Svc-Other TD	Aerotek Environmental		\$3,317			
53150014	Contr Svc-Other TD	All American Gasket		\$785			
53150014	Contr Svc-Other TD	Allied Waste Services		\$0	390		
53150014	Contr Svc-Other TD	Appriss		\$0	50	50	10
53150014	Contr Svc-Other TD	Barney Millers		\$0		657	507
53150014	Contr Svc-Other TD	Better Bilt LLC		\$0			168
53150014	Contr Svc-Other TD	Big Auger Machine & Tool		\$0		1,980	
53150014	Contr Svc-Other Oper TD	Borismetrics	330	\$0			
53150014	Contr Svc-Other TD	Buycrash		\$30	50	300	250
53150014	Contr Svc-Other TD	Caskey Group LLC		\$0			817
53150014	Contr Svc-Other TD	Champion Industries Inc		\$0		269	
53150014	Contr Svc-Other TD	Citation Equipment Inc		\$40	2,482	158	251
53150014	Contr Svc-Other TD	City Electric Motor Company		\$0		595	
53150014	Contr Svc-Other TD	Cliffs Truck Service		\$0		1,176	
53150014	Contr Svc-Other Oper TD	Commonwealth Communications Of KY	849	\$0			
53150014	Contr Svc-Other Oper TD	Edward Hall Trucking & Excavating	1,000	\$1,000			
53150014	Contr Svc-Other TD	Equipment Sales & Rentals		\$227	1,022	1,293	740
53150014	Contr Svc-Other TD	Fast Signs		\$0			71
53150014	Contr Svc-Other TD	Fedex Freight East Inc		\$549			
53150014	Contr Svc-Other TD	Fedex Office		\$0	62		
53150014	Contr Svc-Other TD	Feeney Wireless LLC		\$0		1,043	
53150014	Contr Svc-Other TD	Fencing Hume Mercer		\$0			1,768
53150014	Contr Svc-Other TD	Fluid Conservation		\$0			180
53150014	Contr Svc-Other TD	Funeral Flowers		\$0			168
53150014	Contr Svc-Other TD	G & G Paving & Construction Inc		\$0		2,374	
53150014	Contr Svc-Other TD	Garda CI Central Inc		\$635			
53150014	Contr Svc-Other TD	General Rubber & Plastic		\$437	414	204	449
53150014	Contr Svc-Other TD	Grott Locksmith Center		\$23	157		
53150014	Contr Svc-Other Oper TD	Hach Co	136	\$0			
53150014	Contr Svc-Other TD	HG Wilson & Sons Contractors Inc		\$0	5,678	834	171,801
53150014	Contr Svc-Other TD	Hydraflo Inc		\$0	26		
53150014	Contr Svc-Other Oper TD	J K Christopher Excavating	15,535	\$750			
53150014	Contr Svc-Other TD	Jiffy Fastening Systems Inc		\$0			159
53150014	Contr Svc-Other TD	JPW Associates Inc		\$0		2,412	
53150014	Contr Svc-Other TD	Kebco Inc		\$0		8,770	
53150014	Contr Svc-Other Oper TD	Kebco Inc	3,275	\$0			
53150014	Contr Svc-Other Oper TD	Kentucky Underground Protection	34,776	\$15,414			
53150014	Contr Svc-Other TD	Kentucky Underground Protection Inc		\$11,900	3,945	4,100	(1,973)
53150014	Contr Svc-Other TD	Kings Helper Inc		\$0	365	325	2,795
53150014	Contr Svc-Other TD	Kort CBO II		\$0	685		
53150014	Contr Svc-Other TD	L2GDCA Certificate		\$190			
53150014	Contr Svc-Other TD	Lexington Quarry Co		\$0	1,559	7,693	5,119
53150014	Contr Svc-Other TD	Lexington Trailer		\$0	1,097		
53150014	Contr Svc-Other TD	Lynn Imaging Front Count		\$0	594	828	1,407
53150014	Contr Svc-Other TD	Mago Construction Company LLC		\$650	(42)	6,405	4,948
53150014	Contr Svc-Other TD	Mason and Shirley Plumbing		\$0		655	
53150014	Contr Svc-Other TD	Neptune Equipment Co		\$0	28,323		
53150014	Contr Svc-Other Oper TD	Neptune Equipment Company	4,170	\$21,050			
53150014	Contr Svc-Other TD	Norfolk Southern Corp		\$0		159	16
53150014	Contr Svc-Other TD	Orkin Exterminating Co		\$0	103	91	
53150014	Contr Svc-Other Oper TD	Orkin Exterminating Co	400	\$0			
53150014	Contr Svc-Other TD	Pop-A-Lock Of Lexington		\$0	45	55	

G/L Acct	G/L Acct Description	Vendor/Description	2011	2012	2013	2014	2015
53150014	Contr Svc-Other TD	Premier Safety & Service		\$2,161	5,000		
53150014	Contr Svc-Other Oper TD	Randy Walker Electric		\$243			
53150014	Contr Svc-Other TD	Reclass - Capital Addition		\$0			3,569
53150014	Contr Svc-Other TD	Reclass - Capital Overhead		\$0		(828)	
53150014	Contr Svc-Other TD	Reclass - Invoices		\$0	5,276		
53150014	Contr Svc-Other TD	Reversal - Use Tax		\$0	(1,603)	(703)	(48)
53150014	Contr Svc-Other TD	Reversal Of July Reversing Entry		(\$12,615)			
53150014	Contr Svc-Other TD	Rodney Cobb - Rodney Lawn Care		\$719	7,839	1,462	
53150014	Contr Svc-Other Oper TD	Rodney Cobb - Rodney Lawn Care	16,922	\$5,231			
53150014	Contr Svc-Other TD	Saf Ti Co Inc		\$0	158	847	
53150014	Contr Svc-Other TD	Signal Boards Inc		\$0	529	585	
53150014	Contr Svc-Other TD	Simplex Grinnell		\$0	1,762		367
53150014	Contr Svc-Other TD	Standlee Hay Company Inc		\$0	4		
53150014	Contr Svc-Other TD	Stephen Hillenmeyer Landscape Services		\$0	713		
53150014	Contr Svc-Other TD	The Grasshopper		\$0	44,578		
53150014	Contr Svc-Other Oper TD	The Grasshopper	38,690	\$20,570			
53150014	Contr Svc-Other TD	The Mailroom		\$0			158
53150014	Contr Svc-Other TD	Ufirst Laundry Services		\$208		439	5,929
53150014	Contr Svc-Other TD	United Parcel Service		\$60	11		324
53150014	Contr Svc-Other TD	United Rentals Inc		\$0	219		4,684
53150014	Contr Svc-Other TD	Vanguard Utility Services Inc		\$0		14,626	
53150014	Contr Svc-Other TD	Voiceshot LLC		\$0			30
53150014	Contr Svc-Other Oper TD	Walgreens		\$8			
53150014	Contr Svc-Other TD	WW Grainger		\$0		(46)	869
53150015	Contr Svc-Other Oper CA	Accenture LLP - ACH	51,434	\$50,579			
53150015	Contr Svc-Other Oper CA	Accrual - Misc	(498)	\$0			
53150015	Contr Svc-Other Oper CA	Accrual - Tax		\$42			
53150015	Contr Svc-Other Oper CA	Accrual - Telephone	(109)	(\$189)			
53150015	Contr Svc-Other Oper CA	Accruals - Pcard	1,218	(\$1,218)			
53150015	Contr Svc-Other Oper CA	Advanced Pressure Wash & Restoration	275	\$0			
53150015	Contr Svc-Other CA	Amos Exteriors Inc		\$0	8,825		
53150015	Contr Svc-Other Oper CA	Bluegrass Irrigation	264	\$0			
53150015	Contr Svc-Other Oper CA	Central Ready Mix Concrete		\$369			
53150015	Contr Svc-Other Oper CA	D & K Meter And Hydrant Repair	675	\$0			
53150015	Contr Svc-Other Oper CA	Elink Design		\$82			
53150015	Contr Svc-Other Oper CA	Equipment Sales & Rentals	173	\$0			
53150015	Contr Svc-Other CA	Fish Window Cleaning Inc		\$933			
53150015	Contr Svc-Other Oper CA	Garda CI Central Inc	4,034	\$707			
53150015	Contr Svc-Other CA	HG Wilson & Sons Contractors Inc		\$0	17,347		
53150015	Contr Svc-Other Oper CA	Idmodeling Inc		\$553			
53150015	Contr Svc-Other Oper CA	Intelliwire	179	\$105			
53150015	Contr Svc-Other CA	Johnny Pipewrench LLC		\$0	222		
53150015	Contr Svc-Other CA	Kentucky Underground Protection Inc		\$0	40,124	35,417	71,131
53150015	Contr Svc-Other Oper CA	Language Services	9,075	\$4,745			
53150015	Contr Svc-Other CA	Lexington Trailer		\$0	176		
53150015	Contr Svc-Other Oper CA	Lexington Trailer	205	\$0			
53150015	Contr Svc-Other Oper CA	Maintenance Associates		\$88			
53150015	Contr Svc-Other Oper CA	Martin, Darrell	300	\$0			
53150015	Contr Svc-Other CA	Neptune Equipment Company		\$0	1,193		
53150015	Contr Svc-Other Oper CA	Neptune Equipment Company	1,960	\$0			
53150015	Contr Svc-Other CA	ORC Inc.		\$12,282	6,349		
53150015	Contr Svc-Other Oper CA	ORC International Inc	17,961	\$11,920			
53150015	Contr Svc-Other Oper CA	Pop A Lock Of Lexington		\$55			
53150015	Contr Svc-Other CA	Reclass - Capital Addition		\$0			56
53150015	Contr Svc-Other CA	Reclass - Invoices		\$0	(17,841)		
53150015	Contr Svc-Other CA	Reversal - Use Tax		(\$1,074)	(1,165)		(684)
53150015	Contr Svc-Other Oper CA	RKM Research & Communications	3,927	\$0			
53150015	Contr Svc-Other Oper CA	Roark Fencing		\$1,218			
53150015	Contr Svc-Other CA	TFH LLC		\$5,517			
53150015	Contr Svc-Other CA	Vebridge		\$0	5,848		
53150015	Contr Svc-Other Oper CA	Vebridge	998	\$0			
53150015	Contr Svc-Other Oper CA	Vertex Business Services	825	\$0			
53150015	Contr Svc-Other CA	Voiceshot LLC		\$0	300		
53150016	Contr Svc-Other AG	A/P - Pcard Accruals		\$135	689	901	(10)
53150016	Contr Svc-Other AG	Accenture		\$0	8,194		
53150016	Contr Svc-Other Oper AG	Accrual - Misc	(60)	(\$300)			
53150016	Contr Svc-Other Oper AG	Accrual - Tax	190	\$153			
53150016	Contr Svc-Other Oper AG	Accrual - Westlaw Legal	(1)	(\$551)			
53150016	Contr Svc-Other Oper AG	Allied Communications	636	\$360			
53150016	Contr Svc-Other AG	Allied Waste Services		\$1,621	1,108	14,329	
53150016	Contr Svc-Other Oper AG	Allied Waste Services		\$1,615			
53150016	Contr Svc-Other Oper AG	American National Red Cross		\$4,325			
53150016	Contr Svc-Other AG	American Red Cross		\$0	774		
53150016	Contr Svc-Other AG	Appriss		\$0	10		10
53150016	Contr Svc-Other AG	Aurico		\$0			1,722
53150016	Contr Svc-Other AG	Barney Millers Inc		\$0	557		
53150016	Contr Svc-Other AG	Battery Solutions		\$0			4,818
53150016	Contr Svc-Other Oper AG	Battery Solutions		\$979			
53150016	Contr Svc-Other Oper AG	Big Auger Machine & Tool,	175	\$0			
53150016	Contr Svc-Other AG	Boxwood Tech		\$0	1,490		
53150016	Contr Svc-Other AG	Buycrash		\$0		1,018	
53150016	Contr Svc-Other Oper AG	Buycrash		\$20			
53150016	Contr Svc-Other AG	Cahill Surveyors Inc		\$0	3,154		

G/L Acct	G/L Acct Description	Vendor/Description	2011	2012	2013	2014	2015
53150016	Contr Svc-Other AG	Career Concepts Inc		\$0		2,544	
53150016	Contr Svc-Other AG	CCNC Office Furniture		\$0			1,590
53150016	Contr Svc-Other AG	CDP Engineers Inc.		\$0	1,618	9,116	
53150016	Contr Svc-Other AG	CFC Canon		\$0		2,836	2,505
53150016	Contr Svc-Other AG	Champion Industries Inc		\$0		119	
53150016	Contr Svc-Other Oper AG	Charles W Buford & Sons Inc	605	\$906			
53150016	Contr Svc-Other AG	Citation Equipment Inc		\$0	104		
53150016	Contr Svc-Other Oper AG	Citation Equipment Inc		\$118			
53150016	Contr Svc-Other AG	Commerce Lexington Inc		\$0	1,349	1,300	0
53150016	Contr Svc-Other AG	Commonwealth Communications Of KY		\$70	2,321	3,353	
53150016	Contr Svc-Other Oper AG	Commonwealth Communications Of Ky	3,537	\$1,565			
53150016	Contr Svc-Other Oper AG	Computer Financial Consultants	1,825	\$0			
53150016	Contr Svc-Other AG	D C Elevator Co Inc		\$0			1,754
53150016	Contr Svc-Other AG	Dickersons Refrigeration Inc		\$540	960	484	
53150016	Contr Svc-Other Oper AG	Dickerson'S Refrigeration, Inc.	863	\$185			
53150016	Contr Svc-Other Oper AG	Diligent Board Member Services		\$1,964			
53150016	Contr Svc-Other AG	Diligent Board Member Services Inc		\$1,051	5,185	7,349	8,477
53150016	Contr Svc-Other AG	Dixon Electric Inc		\$566	2,622		
53150016	Contr Svc-Other Oper AG	Dixon Electric Inc	5,001	\$614			
53150016	Contr Svc-Other AG	Dorma Usa Inc		\$0		109	
53150016	Contr Svc-Other Oper AG	Eades, Stanley R Phd	4,593	\$1,613			
53150016	Contr Svc-Other AG	Eagle Safety Eyewear		\$0	477		
53150016	Contr Svc-Other Oper AG	Edward Hall Trucking & Excavating	7,600	\$0			
53150016	Contr Svc-Other AG	Elink Design		\$375	144	40	
53150016	Contr Svc-Other AG	Equip Sales Bizzell		\$0			135
53150016	Contr Svc-Other AG	Equipment Depot		\$0	446	190	
53150016	Contr Svc-Other AG	Equipment Sales & Rentals		\$0		1,171	102
53150016	Contr Svc-Other Oper AG	Ernst & Young - Pittsburgh		\$14,976			
53150016	Contr Svc-Other Oper AG	Fast Signs	116	\$0			
53150016	Contr Svc-Other AG	Fedex Office		\$584			
53150016	Contr Svc-Other AG	First Advantage LNS Screening		\$0	369	191	
53150016	Contr Svc-Other AG	Fullers Saw Shop		\$0		73	
53150016	Contr Svc-Other AG	Garda CI Central Inc		\$411	3,355		3,250
53150016	Contr Svc-Other AG	Garda CI West Inc		\$1,496	5,965	8,710	8,397
53150016	Contr Svc-Other AG	General Rubber & Plastic		\$0		108	
53150016	Contr Svc-Other AG	GIS DM3 Modification		\$253			
53150016	Contr Svc-Other AG	Grainger		\$0	984		
53150016	Contr Svc-Other AG	Grant Thornton LLP		\$0	5,944		
53150016	Contr Svc-Other AG	GRIR Non-Inventory		\$0		608	15,404
53150016	Contr Svc-Other AG	Grott Locksmith Center Inc		\$691	92	380	1,012
53150016	Contr Svc-Other Oper AG	Grott Locksmith Center Inc	890	\$5			
53150016	Contr Svc-Other AG	Guardian Security		\$0		170	
53150016	Contr Svc-Other AG	Hales Cleaning Service		\$0	7,111		
53150016	Contr Svc-Other Oper AG	Happys General Contracting	12,931	\$4,126			
53150016	Contr Svc-Other AG	Happys General Contracting Mnt		\$3,182	14,141		
53150016	Contr Svc-Other Oper AG	Heekin, William C		\$3,099			
53150016	Contr Svc-Other Oper AG	Herb Geddes Fence Company	795	\$0			
53150016	Contr Svc-Other AG	HG Wilson & Sons Contractors Inc		\$0			710
53150016	Contr Svc-Other Oper AG	Hillenmeyer, Stephen F	150	(\$150)			
53150016	Contr Svc-Other AG	Hotel Business Center		\$0		1	
53150016	Contr Svc-Other AG	Image360 Lex KY		\$0			408
53150016	Contr Svc-Other Oper AG	Insight	2,506	\$1,486			
53150016	Contr Svc-Other AG	Integrated Engineering PLLC		\$0		6,106	
53150016	Contr Svc-Other AG	J K Christopher Excavating		\$0	190		
53150016	Contr Svc-Other Oper AG	J K Christopher Excavating	20,175	\$1,080			
53150016	Contr Svc-Other AG	JPW Associates Inc		\$0		837	
53150016	Contr Svc-Other AG	Kebco Inc		\$1,001	7,573	30,082	
53150016	Contr Svc-Other Oper AG	Kebco Inc	3,128	\$0			
53150016	Contr Svc-Other AG	Kentucky ECIS Support		\$24,885	14,346		
53150016	Contr Svc-Other Oper AG	Kentucky Underground Storage I	1,739	\$369			
53150016	Contr Svc-Other AG	Kmart		\$0	19		
53150016	Contr Svc-Other AG	Korterra Implementation Services		\$0			438
53150016	Contr Svc-Other AG	KY BOA Subscription Fees		\$1,051			
53150016	Contr Svc-Other Oper AG	Ky Dept Of Housing Bldgs & Con	100	\$0			
53150016	Contr Svc-Other AG	Landmark Sprinkler Inc		\$0	300		
53150016	Contr Svc-Other Oper AG	Landmark Sprinkler Inc		\$175			
53150016	Contr Svc-Other AG	Laurel Hill GIS Inc		\$377			
53150016	Contr Svc-Other AG	Laurel Oak Properties		\$0	2,117		
53150016	Contr Svc-Other AG	Lexington Fayette Urban County		\$0		1	
53150016	Contr Svc-Other Oper AG	Lexington Trailer	50	\$0			
53150016	Contr Svc-Other AG	Lexington Tree Service Inc		\$0	3,925		
53150016	Contr Svc-Other Oper AG	Lexington Tree Service Inc	2,193	\$459			
53150016	Contr Svc-Other Oper AG	Lexington Window Cleaning	375	\$0			
53150016	Contr Svc-Other AG	LexisNexis OCC Health Solutions		\$0	166		
53150016	Contr Svc-Other Oper AG	LexisNexis OCC Health Solutions	157	\$49			
53150016	Contr Svc-Other AG	LexisNexis Screening Solutions		\$0	530		
53150016	Contr Svc-Other Oper AG	LexisNexis Screening Solutions	1,039	\$0			
53150016	Contr Svc-Other AG	Lynn Imaging Front Counter		\$0		659	290
53150016	Contr Svc-Other AG	National Society Of Bl		\$0	250		
53150016	Contr Svc-Other AG	Newtech Systems Inc		\$0		567	
53150016	Contr Svc-Other Oper AG	Newtech Systems Inc	360	\$0			
53150016	Contr Svc-Other AG	ORC Inc.		(\$1,978)	23,930	38,862	42,472
53150016	Contr Svc-Other Oper AG	ORC Research Inc	5,987	\$1,924			

G/L Acct	G/L Acct Description	Vendor/Description	2011	2012	2013	2014	2015
53150016	Contr Svc-Other AG	Orkin Exterminating Co		\$961	1,946	2,703	204
53150016	Contr Svc-Other Oper AG	Orkin Exterminating Co	1,119	\$480			
53150016	Contr Svc-Other Oper AG	Overhead Door Co Of Lexington		\$1,724			
53150016	Contr Svc-Other AG	Overhead Door Corp		\$25	2,678	1,451	
53150016	Contr Svc-Other AG	Owens Communications Inc		\$0		1,378	
53150016	Contr Svc-Other Oper AG	Pearce Blackburn Roofing Inc	260	\$0			
53150016	Contr Svc-Other AG	Peoplefinders.Com		\$0	26		
53150016	Contr Svc-Other AG	Perfection Group Inc		\$2,519	3,778	2,519	4,110
53150016	Contr Svc-Other Oper AG	Perfection Group Inc	2,804	\$336			
53150016	Contr Svc-Other AG	PFM Asset Management LLC		\$0			6,000
53150016	Contr Svc-Other Oper AG	Pop A Lock Of Lexington		\$45			
53150016	Contr Svc-Other AG	PwC		\$0	14,528	0	846
53150016	Contr Svc-Other Oper AG	PwC		\$6,459			
53150016	Contr Svc-Other AG	Randy Walker Electric		\$0	5,785	3,250	333
53150016	Contr Svc-Other Oper AG	Randy Walker Electric		\$896			
53150016	Contr Svc-Other AG	Reclass - Capital Overhead		\$0		(17,790)	(4,600)
53150016	Contr Svc-Other AG	Reclass - E&Y Invoices		(\$14,976)			
53150016	Contr Svc-Other AG	Reclass - ECN Code Red		\$0			1,548
53150016	Contr Svc-Other AG	Reclass - Granton Thornton		\$0	(12,517)		
53150016	Contr Svc-Other AG	Reversal - Use Tax		(\$1,718)	(1,956)	(2,855)	(2,228)
53150016	Contr Svc-Other AG	Rodney Cobb - Rodney Lawn Care		\$0	526	3,014	2,034
53150016	Contr Svc-Other Oper AG	Rodney Cobb - Rodney Lawn Care	42	\$404			
53150016	Contr Svc-Other Oper AG	Roto Rooter	827	\$0			
53150016	Contr Svc-Other AG	Samba Holdings Inc		\$0	2,149		2,048
53150016	Contr Svc-Other AG	SHPE Career Center		\$0	275		
53150016	Contr Svc-Other AG	Simplex Grinnell		\$0		3,000	192
53150016	Contr Svc-Other Oper AG	Simplex Grinnell	7,722	\$5,266			
53150016	Contr Svc-Other Oper AG	Stephen Hillenmeyer Landscape	7,249	\$0			
53150016	Contr Svc-Other AG	Stephen Hillenmeyer Landscape Services		\$181	2,275	64	(15,314)
53150016	Contr Svc-Other AG	Stoll Keenon Ogden PLLC		\$0		798	6,138
53150016	Contr Svc-Other Oper AG	Sutherland & Associates	5,093	\$10,185			
53150016	Contr Svc-Other Oper AG	Tebco Of Kentucky Inc	100	\$0			
53150016	Contr Svc-Other Oper AG	Tech Systems Inc	1,344	\$0			
53150016	Contr Svc-Other AG	The Home Depot		\$0	190		
53150016	Contr Svc-Other AG	The Mailroom		\$0		20	
53150016	Contr Svc-Other Oper AG	Thoroughbred Gates & Security	2,357	\$425			
53150016	Contr Svc-Other AG	Thoroughbred Gates & Security LLC		\$90	331	3,138	
53150016	Contr Svc-Other AG	Towers Watson Pennsylvania, Inc.		\$0	214		
53150016	Contr Svc-Other Oper AG	Tri State Rfngsheet M	355	\$0			
53150016	Contr Svc-Other AG	United Parcel Service		\$26	41		1,036
53150016	Contr Svc-Other AG	United Rentals Inc		\$0			622
53150016	Contr Svc-Other AG	Veba Earmarking		\$0	228		
53150016	Contr Svc-Other AG	Vebridge		\$1,139			2,234
53150016	Contr Svc-Other Oper AG	Vebridge	350	\$0			
53150016	Contr Svc-Other AG	Vital Records Control		\$0	1,038	2,060	
53150016	Contr Svc-Other AG	Vulcan Fire Systems Inc		\$0	339	420	
53150016	Contr Svc-Other Oper AG	Vulcan Fire Systems Inc	358	\$320			
53150016	Contr Svc-Other Oper AG	Walgreens	12	\$5			
53150016	Contr Svc-Other Oper AG	West Payment Center Thomson	5,543	\$773			
53150016	Contr Svc-Other Oper AG	Worksmart LLC	1,625	\$0			
53150016	Contr Svc-Other Oper AG	WS Construction		\$983			
53150016	Contr Svc-Other AG	Yale Kentuckiana		\$1,002	1,203	(1,078)	
53150016	Contr Svc-Other Oper AG	Yale Kentuckiana Inc	674	\$0			
53151014	Contr Svc-Temp EE TD	Aerotek Environmental		\$1,890			
53151016	Contr Svc-Temp EE AG	A/P - Pcard Accruals		\$0		(89)	
53151016	Contr Svc-Temp EE	Accruals - Misc	14,830	(\$13,626)			
53151016	Contr Svc-Temp EE AG	Aerotek Environmental		\$17,937	2,340		
53151016	Contr Svc-Temp EE	Aerotek Environmental	27,206	\$44,377			
53151016	Contr Svc-Temp EE AG	Baptist Health Occupational Medicine		\$0			37
53151016	Contr Svc-Temp EE AG	Garda CI Central Inc		\$2,380	228		
53151016	Contr Svc-Temp EE	Garda CL Central Inc		\$111			
53151016	Contr Svc-Temp EE AG	Garda CI West Inc		\$0	659	55	
53151016	Contr Svc-Temp EE AG	Integrated Engineering PLLC		\$0		10,386	
53151016	Contr Svc-Temp EE AG	Lexington Fayette Urban County		\$0		33	
53151016	Contr Svc-Temp EE AG	PwC		\$0			644
53151016	Contr Svc-Temp EE AG	Reclass - Transfer Charges		\$0		(6,159)	
53151016	Contr Svc-Temp EE AG	Reversal - Use Tax		\$0	(213)		(106)
53151016	Contr Svc-Temp EE AG	Samba Holdings, Inc.		\$0		917	
53151016	Contr Svc-Temp EE AG	Sewer Service Charge		\$108			
53151016	Contr Svc-Temp EE AG	Vebridge		\$28	63	1,177	1,057
53151016	Contr Svc-Temp EE	VeBridge	4,020	\$1,045			
53151016	Contr Svc-Temp EE AG	Winchester Municipal Utilities		\$8,922			
53151016	Contr Svc-Temp EE AG	Yoh Services, LLC		\$0	28,889	29,661	33,697
53152000	Contr Svc-Lab Testng	Accruals - Pcard	(624)	\$0			
53152000	Contr Svc-Lab Testng	Cedarchem		\$424			
53152000	Contr Svc-Lab Testng	Eurofins Eaton Analytical		\$0			10,560
53152000	Contr Svc-Lab Testng	Evoqua Water Technologies LLC		\$0		924	8,526
53152000	Contr Svc-Lab Testng	Fouser Environmental Services	4,621	\$1,260			
53152000	Contr Svc-Lab Testng	Fouser Environmental Services		\$603	2,810	12,439	33,244
53152000	Contr Svc-Lab Testng	Geochemical Testing		\$2,774	5,771	4,353	673
53152000	Contr Svc-Lab Testng	Geochemical Testing	4,973	\$2,927			
53152000	Contr Svc-Lab Testng	Greenwater Laboratories		\$0	1,200	300	4,000
53152000	Contr Svc-Lab Testng	Greenwater Laboratories	400	\$400			

G/L Acct	G/L Acct Description	Vendor/Description	2011	2012	2013	2014	2015
53152000	Contr Svc-Lab Testng	GRIR Non-Inventory		\$0		775	1
53152000	Contr Svc-Lab Testng	Lynn Imaging Front Counter		\$0			138
53152000	Contr Svc-Lab Testng	Outside Analytical Testing	1,679	\$0			
53152000	Contr Svc-Lab Testng	Pace Analytical Services Inc		\$0		2,012	
53152000	Contr Svc-Lab Testng	Pace Analytical Services Inc	2,460	\$0			
53152000	Contr Svc-Lab Testng	Reclass - Subcont Samples To States	180	\$0			
53152000	Contr Svc-Lab Testng	Reversal - Use Tax		\$0			(445)
53152000	Contr Svc-Lab Testng	Scientific Equipment Services		\$0			1,448
53152000	Contr Svc-Lab Testng	Scientific Equipment Svc		\$1,139			
53152000	Contr Svc-Lab Testng	Siemens Industry Inc		\$0	5,220	(824)	
53152000	Contr Svc-Lab Testng	Siemens Water Technology		\$0			1,168
53152000	Contr Svc-Lab Testng	Simplex Grinnell		\$769			
53152000	Contr Svc-Lab Testng	Teklab Inc	138	\$0			
53153000	Contr Svc-Acctg Oper AG	Ernst & Young - Pittsburgh		\$1,112			
53153000	Contr Svc-Accounting	KPMG		\$0			277,133
53153000	Contr Svc-Acctg Oper AG	PwC	7,698	\$0			
53154000	Contr Svc-Audit Fees	Amortization - Prepaid Audit Fees		\$37,439	108,840	95,282	103,348
53154000	Contr Svc-Audit Fees Oper AG	Prepaid Audit Fees - PwC	93,627	\$65,525			
53154000	Contr Svc-Audit Fees	Reversal - Sales Tax		\$0	(51)		
53155000	Contr Svc-Legal	Accruals - Legal		\$31,583	(16,787)	(1,520)	7,253
53155000	Contr Svc-Legal	Accruals - Legal	(8,861)	(\$2,328)			
53155000	Contr Svc-Legal	Amortization - King & Spalding	273	\$0			
53155000	Contr Svc-Legal	Bingham Doll		\$108			
53155000	Contr Svc-Legal	Bingham Greenebaum Doll LLP		\$5,243			
53155000	Contr Svc-Legal	Dinsmore & Shohl LLP		\$0			5,076
53155000	Contr Svc-Legal	Frost Brown Todd	31,933	\$5,121			
53155000	Contr Svc-Legal	Gallatin County News		\$25			
53155000	Contr Svc-Legal	Goss Samford, PLLC		\$1,802	615		
53155000	Contr Svc-Legal	Greenebaum Doll & McDonald PLL	69,117	\$0			
53155000	Contr Svc-Legal	Huffmaster Crisis Response LLC	1,183	\$591			
53155000	Contr Svc-Legal	Mago Construction Company, LLC		\$0			5,236
53155000	Contr Svc-Legal	Major Lindsey & Africa LLC	18,900	\$0			
53155000	Contr Svc-Legal	Reclass - Gen Leg Inv Real Estate	2,959	\$0			
53155000	Contr Svc-Legal	Reclass - Stoll Invoice		\$1,051			
53155000	Contr Svc-Legal	Reversal - Use Tax		\$0	(4,949)		
53155000	Contr Svc-Legal	Reversal Of July Reversing Entry		(\$24,007)			
53155000	Contr Svc-Legal	Steptoe & Johnson PLLC	4,968	\$0			
53155000	Contr Svc-Legal	Stoll Keenon Ogden PLLC		\$25,414	133,327	176,139	112,252
53155000	Contr Svc-Legal	Stoll Keenon Ogden PLLC	182,350	\$151,635			
53155000	Contr Svc-Legal	Tim H. Parson & Bubalo Rotman		\$2,000			
53157000	Contr Svc-Outplacemt	Career Concepts Inc		\$0			3,922
<b>Total Contract Services</b>			<b>\$490,436</b>	<b>\$396,812</b>	<b>\$461,085</b>	<b>\$313,997</b>	<b>\$438,502</b>



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 76.**      Reference the Kentucky American Water application generally. Identify any anticipated changes in contract services for the Base Period and Test Period relative to prior periods.

**Response:**

During the Base Period, a sales tax audit was performed by the Kentucky Department of Revenue. This one-time event required contract services that were not included in the Forecast Period, which contributes to the overall decrease in total expense observed between the Base and Forecast periods. In addition, the Company's anticipated cost reduction efforts for lab testing also contribute to the overall decrease in expense observed.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

77.      Reference the Kentucky American Water application. Regarding page 16, lines 21-22 of Ms. Bridwell's testimony, explain the reasons for the "expected increases in security costs, trash removal, janitorial expense and grounds keeping" and provide all supporting assumptions, workpapers, and calculations showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items. Building Maintenance & Services is one of them.

Building Maintenance & Services: AC52546000-Grounds Keeping includes a reduction due to a new contract. AC52550000-Janitorial includes an increase due to a new contract. AC52571000-Security Service increased based upon prior year historical and the plan. AC52578000-Trash Removal increased based upon prior year historical and the plan. For the calculations, please refer to the workpapers provided in response to Item 3 of the Commission Staff's first request for information.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**78.**     Reference the Kentucky American Water application, and for each entity included in building maintenance and services category per page 16, lines 16-22 of Ms. Bridwell's testimony, provide the actual costs incurred in each of the past five years.

**Response:**

Please refer to the attachment.

**Kentucky-American  
Building Maintenance & Services**

<u>Account</u>	<u>AC Name</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
52532011	Electricity - Source of Supply	\$0	\$0	\$0	\$0	\$553
52532013	Electricity - Water Treatment	4,222	2,365	8,185	12,709	7,980
52532014	Electricity - Transmission & Distribution	58,589	53,243	43,948	45,223	48,795
52532016	Electricity - Admin & General	73,338	73,503	78,844	70,404	74,187
52546011	Grounds Keeping - Source of Supply	0	368	0	20,560	1,514
52546013	Grounds Keeping - Water Treatment	0	18,932	3,975	66,255	26,724
52546014	Grounds Keeping - Transmission & Distribution	0	22,048	2,899	75,994	28,444
52546016	Grounds Keeping - Admin & General	0	1,204	0	47,123	121,872
52548013	Heating Oil/Gas - Water Treatment	0	0	0	0	2,197
52548014	Heating Oil/Gas - Transmission & Distribution	27,661	14,670	15,335	22,085	17,685
52548016	Heating Oil/Gas - Admin & General	16,614	14,237	8,345	8,720	6,635
52550013	Janitorial - Water Treatment	29,192	13,347	16,188	10,102	5,737
52550014	Janitorial - Transmission & Distribution	891	122	322	2,573	11,294
52550016	Janitorial - Admin & General	104,497	87,005	78,854	68,507	65,333
52571011	Security Service - Source of Supply	0	0	17,435	16,681	19,053
52571014	Security Service - Transmission & Distribution	0	0	0	0	237
52571016	Security Service - Admin & General	136	3,808	2,676	49,774	44,704
52571100	Add'l Security Costs	177,354	121,526	53,137	772	0
52578013	Trash Removal - Water Treatment	846	3,727	9,665	8,657	10,717
52578014	Trash Removal - Transmission & Distribution	9,906	11,775	12,765	6,098	3,645
52578016	Trash Removal - Admin & General	4,224	2,956	15,714	12,334	13,411
52583011	Water & WW - Source of Supply	50,329	47,177	65,637	56,363	63,569
52583013	Water & WW - Water Treatment	0	21	0	0	0
52583016	Water & WW - Admin & General	22,367	29,321	19,511	33,051	27,692
Grand Total		<u>\$580,167</u>	<u>\$521,352</u>	<u>\$453,434</u>	<u>\$633,985</u>	<u>\$601,979</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Linda C. Bridwell**

- 79.** Reference the Kentucky American Water application generally. Regarding page 17, lines 1-4 of Ms. Bridwell's testimony, explain the reasons for the expected increases in telecommunications expenses and provide all supporting assumptions, workpapers, and calculations showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for a few expense items. The expected increase in telecommunications expense is mostly attributed to the Company's efforts to increase efficiency by upgrading smartphones for Field Operations personnel. For the calculations, please refer to the workpapers provided in response to Item 3 of the Commission Staff's first request for information.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**80.**     Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for telecommunications expenses.

**Response:**

Please refer to the attachment for a summary of the actual costs incurred in the last five years for telecommunications expenses.

**Kentucky-American Water Company**  
**Telecommunications Expense**  
**Historical Five Years**

<b>G/L Acct</b>	<b>G/L Acct Description</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
52574013	Telephone - Water Treatment	\$0	\$16,857	\$24,521	\$22,447	\$15,814
52574014	Telephone - Transmission & Distribution	1,128	0	2	4,333	4,107
52574015	Telephone - Customer Accounting	110,864	117,560	90,980	113,188	101,188
52574016	Telephone - Admin & General	46,685	57,737	42,220	35,867	23,777
52574113	Cell Phone - Water Treatment	974	884	2,100	3,708	6,000
52574114	Cell Phone - Transmission & Distribution	11,271	15,312	12,735	1,889	1,555
52574115	Cell Phone - Customer Accounting	0	3,803	6,030	5,587	7,876
52574116	Cell Phone - Admin & General	72,331	82,358	97,618	77,171	68,000
52574200	Data Lines - Admin & General	0	0	0	0	53
<b>Total Expense</b>		<b>\$243,253</b>	<b>\$294,511</b>	<b>\$276,207</b>	<b>\$264,191</b>	<b>\$228,370</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 81.**      Reference the Kentucky American Water application generally. Regarding page 17, lines 5-7 of Ms. Bridwell's testimony, explain the reasons for the expected increases in postage, printing and stationary expenses and provide all assumptions, supporting workpapers, and calculations showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items.

As presented in the Kentucky American Water application, there was actually an expected decrease in postage, printing, and stationary expenses. However, Account 52566700 for printing expense was erroneously excluded from the 2015, 2016, and 2017 budgets, thus understating the total forecasted expense for postage, printing, and stationary expenses.

Please see workpaper W/P - 3-15 for detail of decrease from Base year to Forecast year. Please notice no printing expense is included in the 2016 and 2017 amounts.



**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**82.**     Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for postage, printing, and stationary expenses.

**Response:**

Please refer to the attachment for the actual costs incurred in the past five years for Postage, Printing, & Stationary expenses.

**Kentucky-American Water Company**  
**Postage, Printing, & Stationary Expenses**  
**Historical Five Years**

<b>G/L Acct</b>	<b>G/L Acct Description</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
52562511	Overnight Shipping - Source of Supply	\$0	\$0	\$0	\$74	\$0
52562513	Overnight Shipping - Water Treatment	2,799	10,574	17,010	11,198	13,428
52562514	Overnight Shipping - Transmission & Distribution	54	12	106	805	300
52562516	Overnight Shipping - Admin & General	21,946	11,633	2,254	1,998	3,678
52566016	Postage - Admin & General	4,832	3,312	3,797	2,472	3,786
52566700	Printing	0	0	432	2,903	9,292
<b>Total Expense</b>		<b>\$29,630</b>	<b>\$25,531</b>	<b>\$23,598</b>	<b>\$19,451</b>	<b>\$30,484</b>

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Linda C. Bridwell**

- 83.** Reference the Kentucky American Water application. Regarding page 17, lines 8-11 of Ms. Bridwell's testimony, explain the reasons for the expected increases in each category of other supplies and services expenses and provide all supporting assumptions, calculations, and workpapers showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items.

AC52526100-Credit line fees, the line of credit was extended to the year 2020 from 2018 with two additional one year options. This increased the credit fees \$15,056 per the plan. AC52571500-Software licenses, Microsoft licenses increasing \$19,107. AC 52582000-Uniforms is planned to increase \$3,895. AC 52562000-Office & Admin Supplies increased \$8545. This plan year does not include an Office Max rebate. Other accounts were up or down slightly. This accounts for the \$45,411 increase between base year and forecast year. For calculations, please refer to the workpapers provided in response to Item 3 of the Commission Staff's First Request for Information.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 84.**      Reference the Kentucky American Water application. Regarding page 17, lines 8-11 of Ms. Bridwell's testimony, provide the actual costs incurred in each of the past five years for each category included in other supplies and services.

**Response:**

Please refer to the attachment.

**Kentucky-American  
Office Supplies & Services Expense**

<u>Account</u>	<u>AC Name</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
52526100	Credit Line Fees Interco	\$36,608	\$39,936	\$63,477	\$79,983	\$84,993
52562013	Office & Admin Supplies - Water Treatment	12,372	13,774	19,973	17,599	12,216
52562014	Office & Admin Supplies - Transmssn & Distr	15,485	9,564	11,233	4,921	12,898
52562015	Office & Admin Supplies - Customer Accounting	(2,083)	(283)	0	0	768
52562016	Office & Admin Supplies - Admin & General	22,543	21,400	16,296	(3,396)	36,532
52571500	Software Licenses	29,863	39,388	39,146	38,637	60,643
52582013	Uniforms - Water Treatment	15,372	17,904	16,509	14,040	15,347
52582014	Uniforms - Transmission & Distribution	23,162	20,714	16,415	7,340	14,317
52542016	Forms - Admin & General	2,136	1,755	2,038	1,595	2,514
52562011	Office & Admin Supplies - Source of Supply	38	870	0	0	0
52512500	Books & Publications	0	0	0	104	113
52582016	Uniforms - Admin & General	0	827	2,093	1,638	2,105
52582012	Uniforms - Pumping	0	111	111	(111)	158
Grand Total		<u>\$155,497</u>	<u>\$165,961</u>	<u>\$187,291</u>	<u>\$162,348</u>	<u>\$242,604</u>

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 85.**      Reference the Kentucky American Water application generally. Identify each software license. For each such license, provide the current term of the license, the current annual cost of the license, and the cost increases expected during the Base Period and Test Period. For each such increase, state if the increase is contractual pursuant to the current license agreement.

**Response:**

The attached is a listing of current software for Kentucky American Water as well as American Water. The attachment indicates whether the software is purchased or provided on terms, and the amount of either the purchase or term in 2013 through year to date by year.

Because of the limited amount of term software, the forecast does not include specific cost increases for each term software but is a combined amount.

Project Description (Multiple Items)

Sum of Total Cost							Year					Grand Total
Company	Capex/Opex	Type	MFG	Software	2012	2013	2014	2015	2016	2017		
KENTUCKY	Capex	Purchase	Adobe	Acrobat XI Pro v11			1,501				1,501	
KENTUCKY	Capex	Purchase	Cisco	Application Experience DATA and			545	535			1,080	
KENTUCKY	Capex	Purchase	Cisco	Unified Communications Manager Exp		709		348			1,056	
KENTUCKY	Capex	Purchase	Cisco	Wide Area Application Services		17,310		1,338			18,648	
KENTUCKY	Capex	Purchase	Symantec	Backup Exec 2012			653				653	
KENTUCKY	Capex	<b>Purchase Total</b>				<b>18,019</b>	<b>2,699</b>	<b>2,220</b>			<b>22,938</b>	
KENTUCKY	<b>Capex Total</b>					<b>18,019</b>	<b>2,699</b>	<b>2,220</b>			<b>22,938</b>	
KENTUCKY	Opex	Term	Adobe	Premiere Pro Creative Cloud				54			54	
KENTUCKY	Opex	<b>Term Total</b>						<b>54</b>			<b>54</b>	
KENTUCKY	Opex	Purchase	Adobe	Acrobat Pro				383	369		751	
KENTUCKY	Opex	Purchase	Adobe	Acrobat XI Pro v11		375		374			749	
KENTUCKY	Opex	Purchase	Adobe	LiveCycle Designer v11				299			299	
KENTUCKY	Opex	<b>Purchase Total</b>				<b>375</b>		<b>1,055</b>	<b>369</b>		<b>1,799</b>	
KENTUCKY	<b>Opex Total</b>					<b>375</b>		<b>1,109</b>	<b>369</b>		<b>1,853</b>	
<b>KENTUCKY Total</b>						<b>18,394</b>	<b>2,699</b>	<b>3,330</b>	<b>369</b>		<b>24,791</b>	
LAUREL OAK PROPERTIES	Capex	Term	RedHat	Enterprise Server Premium		88,119	2,307				90,426	
LAUREL OAK PROPERTIES	Capex	Term	RedHat	Enterprise Server Smart Management		17,026					17,026	
LAUREL OAK PROPERTIES	Capex	Term	RedHat	Enterprise Server Standard		27,381		3,190			30,571	
LAUREL OAK PROPERTIES	Capex	<b>Term Total</b>				<b>132,526</b>	<b>2,307</b>	<b>3,190</b>			<b>138,023</b>	
LAUREL OAK PROPERTIES	Capex	Purchase	Adobe	Acrobat XI Pro v11		7,132					7,132	
LAUREL OAK PROPERTIES	Capex	Purchase	Adobe	Captivate v6		793					793	
LAUREL OAK PROPERTIES	Capex	Purchase	Adobe	Captivate v7		2,378					2,378	
LAUREL OAK PROPERTIES	Capex	Purchase	Adobe	Creative Suite	2,891	4,578					7,468	
LAUREL OAK PROPERTIES	Capex	Purchase	Avatier	Password Station		87,000					87,000	
LAUREL OAK PROPERTIES	Capex	Purchase	BMC	Control M				285,000			285,000	
LAUREL OAK PROPERTIES	Capex	Purchase	Centrify	(blank)		895					895	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	AnyConnect Mobile - license		657	270				927	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	ASA 5500 Botnet Traffic			2,430				2,430	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Finesse Server - license			540				540	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Identity Services Engine Advanced		2,754					2,754	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Identity Services Engine Base		270					270	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Identity Services Engine Virtual		12,938					12,938	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	IOS Unified Communications -		400					400	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Mobility Services Engine Base				40,497			40,497	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Mobility Services Engine Virtual				2,697			2,697	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Prime Network Analysis Module				1,605			1,605	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	TelePresence Management Suite				1,988			1,988	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	TelePresence Management Suite -				2,950			2,950	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Unified Border Element Enterprise			1,632				1,632	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Unified Communications Manager Enh			113				113	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Unified Communications Manager Exp		1,700		13,536			15,236	
LAUREL OAK PROPERTIES	Capex	Purchase	Cisco	Wide Area Application Services		1,000					1,000	
LAUREL OAK PROPERTIES	Capex	Purchase	Gotham Technology	Netscaler VPX 10 MBPS Standard		2,694					2,694	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	Insight Control			4,559				4,559	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	INSIGHT CTL ML/DL BDL		988					988	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	Integrated Lights-Out Advanced		654					654	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	Integrated Lights-Out Essentials				452			452	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	Mainstream Endurance Enterprise Mains				4,546			4,546	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	Network Automation ( v.			61,739				61,739	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	OneView with iLO Advanced				1,999			1,999	
LAUREL OAK PROPERTIES	Capex	Purchase	HP	Value Endurance Enterprise Boot				1,891			1,891	
LAUREL OAK PROPERTIES	Capex	Purchase	IBM	license	223						223	
LAUREL OAK PROPERTIES	Capex	Purchase	IBM	monitoring and management		512,713					512,713	
LAUREL OAK PROPERTIES	Capex	Purchase	IBM	SOW NNOS-9FUTCJ Domino serve			81,120				81,120	
LAUREL OAK PROPERTIES	Capex	Purchase	IBM	V7000	40,437						40,437	
LAUREL OAK PROPERTIES	Capex	Purchase	LiteSpeed	Standard for SQL Server		1,286					1,286	
LAUREL OAK PROPERTIES	Capex	Purchase	McAfee	VirusScan Enterprise for Storage		8,940					8,940	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	B17-00159-SLP - MS Streets/Trips		37					37	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	CoreCAL ALNG LicSAPk MVL Pltfrm					18,565		18,565	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	Microsoft MapPoint 2013 - License			1,982				1,982	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	Microsoft SQL Server 2012 Std			23,512				23,512	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	Microsoft Streets & Trips 2013			129				129	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	Microsoft Windows Server 2012 -			39,489				39,489	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	MS EA Sys Center Srvr	1,676						1,676	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	MS EA WinServer Datacenter Lic/SA	4,614						4,614	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	OfficeProPlus ALNG LicSAPk MVL Pltfrm					44,835		44,835	
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	PrjctSvrCAL ALNG LicSAPk MVL UsrCAL					25,312		25,312	

LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	Pro DesktopwMDOP ALNG LicSAPk MVL	348,899					348,899
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	SharePointSvr ALNG LicSAPk MVL			13,046			13,046
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	SQLSvrStd ALNG LicSAPk MVL		14,088				14,088
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	SysCtrSvrMgmtSteDataCtr ALNG LicSAPk MVL		57,587				57,587
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	VisioPro ALNG LicSAPk MVL			28,986	11,092		40,078
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	VisioStd ALNG LicSAPk MVL	46,791					46,791
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	WinEntforSAwMDOP ALNG UpgrdSAPk MVL Pltf				14,281		14,281
LAUREL OAK PROPERTIES	Capex	Purchase	Microsoft	WinSvrDataCtr ALNG LicSAPk MVL 1Proc		207,649				207,649
LAUREL OAK PROPERTIES	Capex	Purchase	NetBrain	NetBrain Enterprise		6,600				6,600
LAUREL OAK PROPERTIES	Capex	Purchase	Orion	IP Address Manager IPX	12,427					12,427
LAUREL OAK PROPERTIES	Capex	Purchase	RSA	Authentication Manager Enterprise Ed	14,097					14,097
LAUREL OAK PROPERTIES	Capex	Purchase	Securicon	Password Self Service		40,419				40,419
LAUREL OAK PROPERTIES	Capex	Purchase	SolarWinds	SolarWinds Storage Manager		16,197				16,197
LAUREL OAK PROPERTIES	Capex	Purchase	SolarWinds	SolarWinds Virtualization Manager			44,653			44,653
LAUREL OAK PROPERTIES	Capex	Purchase	Symantec	Backup Exec 2014		653				653
LAUREL OAK PROPERTIES	Capex	Purchase	Symantec	Backup Exec 2014 Agent for Windows		1,171				1,171
LAUREL OAK PROPERTIES	Capex	Purchase	Techsmith	Snaglt v11		78				78
LAUREL OAK PROPERTIES	Capex	Purchase	VMware	vCenter	9,563					9,563
LAUREL OAK PROPERTIES	Capex	Purchase	VMware	vSphere Enterprise Plus	5,097	60,417				65,514
LAUREL OAK PROPERTIES	Capex	Purchase	VMware	vSphere Enterprise Standard		10,157				10,157
LAUREL OAK PROPERTIES	Capex	Purchase	(blank)	ADAPTIVA	71,993					71,993
LAUREL OAK PROPERTIES	Capex	Purchase	(blank)	Dragon NaturallySpeaking Premium		233				233
LAUREL OAK PROPERTIES	Capex	Purchase	(blank)	Identity SVC Engine SGL VM		108,195				108,195
LAUREL OAK PROPERTIES	Capex	Purchase	(blank)	PowerShell Studio 2014			1,215			1,215
LAUREL OAK PROPERTIES	Capex	Purchase	(blank)	vFoglight Pro	1,353	2,706				4,059
LAUREL OAK PROPERTIES	Capex	Purchase	(blank)	(blank)		7,334				7,334
LAUREL OAK PROPERTIES	Capex	Purchase Total			137,846	1,261,141	563,095	430,801	127,132	2,520,015
LAUREL OAK PROPERTIES	Capex Total				137,846	1,393,666	565,402	433,992	127,132	2,658,038
LAUREL OAK PROPERTIES Total					137,846	1,393,666	565,402	433,992	127,132	2,658,038
SERVICE COMPANY	Capex	Purchase	AB SCIEX	Analyst 1.6			7,041			7,041
SERVICE COMPANY	Capex	Purchase	Agilent	MassHunter			68,247			68,247
SERVICE COMPANY	Capex	Purchase	ARIS	ARIS Connect Server		570,095				570,095
SERVICE COMPANY	Capex	Purchase	Avaya	Workforce Management		82,562				82,562
SERVICE COMPANY	Capex	Purchase	Basis Technologies	Transport Expresso		259,600		148,800		408,400
SERVICE COMPANY	Capex	Purchase	BMC	Remedy		2,500,000				2,500,000
SERVICE COMPANY	Capex	Purchase	Cisco	AnyConnect Mobile - license		191				191
SERVICE COMPANY	Capex	Purchase	Digital Map Products	(blank)		270,000				270,000
SERVICE COMPANY	Capex	Purchase	Exceed	(blank)			4,093			4,093
SERVICE COMPANY	Capex	Purchase	Fathom	2.0		2,000,000				2,000,000
SERVICE COMPANY	Capex	Purchase	Hach	Omnion v4			5,675			5,675
SERVICE COMPANY	Capex	Purchase	MetroHM USA	Tiamo 2.x			925			925
SERVICE COMPANY	Capex	Purchase	Microsoft	SysCtrSvrMgmtSteDataCtr ALNG LicSAPk MVL	10,969					10,969
SERVICE COMPANY	Capex	Purchase	Microsoft	WinSvrDataCtr ALNG LicSAPk MVL 1Proc	30,204					30,204
SERVICE COMPANY	Capex	Purchase	Neptune	Fathom 2.0		150,000				150,000
SERVICE COMPANY	Capex	Purchase	Pink Elephant	PinkAtlas		25,000	24,250			49,250
SERVICE COMPANY	Capex	Purchase	PowerFlow Solutions	PowerFlow Server			600			600
SERVICE COMPANY	Capex	Purchase	SAP	Fiori		61,950				61,950
SERVICE COMPANY	Capex	Purchase	SAP	HANA Runtime Edition			1,884,534			1,884,534
SERVICE COMPANY	Capex	Purchase	SAP	LVM, WorkManager, Lumira			269,718			269,718
SERVICE COMPANY	Capex	Purchase	SAP	(blank)	121,180	10,222				131,402
SERVICE COMPANY	Capex	Purchase	SolarWinds	SolarWinds Additional Polling Engine		13,179				13,179
SERVICE COMPANY	Capex	Purchase	SolarWinds	SolarWinds Web Performance Monitor				4,053		4,053
SERVICE COMPANY	Capex	Purchase	Techsmith	Snaglt v12			52	118		169
SERVICE COMPANY	Capex	Purchase	VMware	vSphere Enterprise Standard		11,608				11,608
SERVICE COMPANY	Capex	Purchase	VMware	vSphere Essentials Kit for Retail		2,734				2,734
SERVICE COMPANY	Capex	Purchase	VMware	vSphere Standard	7,255					7,255
SERVICE COMPANY	Capex	Purchase	(blank)	vFoglight Pro		1,353				1,353
SERVICE COMPANY	Capex	Purchase Total			7,255	178,048	5,942,850	2,265,200	152,853	8,546,206
SERVICE COMPANY	Capex Total				7,255	178,048	5,942,850	2,265,200	152,853	8,546,206
SERVICE COMPANY	Opex	SaaS	Apptio	(blank)			321,000			321,000
SERVICE COMPANY	Opex	SaaS	AutoCAD	Map 3D	72,647	7,916		26,405		106,968
SERVICE COMPANY	Opex	SaaS	ECN	Code Red			582,500	582,500	582,500	1,747,500
SERVICE COMPANY	Opex	SaaS	Salesforce.com	(blank)		117,000	58,500			175,500
SERVICE COMPANY	Opex	SaaS	Taulia	(blank)			294,000	294,000	294,000	882,000
SERVICE COMPANY	Opex	SaaS Total			72,647	124,916	1,256,000	902,905	876,500	3,232,968
SERVICE COMPANY	Opex	Term	Adobe	Creative Cloud		4,948	6,840	1,492	694	13,974
SERVICE COMPANY	Opex	Term	Adobe	InDesign Creative Cloud			218	435		652
SERVICE COMPANY	Opex	Term	Adobe	Photoshop Creative Cloud			182	108		290
SERVICE COMPANY	Opex	Term	Adobe	Premiere Pro Creative Cloud				217		217
SERVICE COMPANY	Opex	Term	AppSpace	AppSpace				28,421		28,421
SERVICE COMPANY	Opex	Term	RedHat	Enterprise Server Premium		77,359				77,359



SERVICE COMPANY	Opex	Term	RedHat	Enterprise Server Smart Management		16,116				16,116		
SERVICE COMPANY	Opex	Term	RedHat	Enterprise Server Standard		192,939		373,097	957,814	1,523,850		
SERVICE COMPANY	Opex	<b>Term Total</b>				<b>291,363</b>	<b>7,239</b>	<b>403,770</b>	<b>958,508</b>	<b>1,660,880</b>		
SERVICE COMPANY	Opex	Purchase	ACR Publications	ACR Training Material SWL			120,000			120,000		
SERVICE COMPANY	Opex	Purchase	Adobe	Acrobat Pro		166		7,511	3,343	11,020		
SERVICE COMPANY	Opex	Purchase	Adobe	Acrobat X Standard v10	1,965					1,965		
SERVICE COMPANY	Opex	Purchase	Adobe	Acrobat XI Pro v11		10,135	13,507	2,991		26,632		
SERVICE COMPANY	Opex	Purchase	Adobe	Acrobat XI Standard v11		2,749				2,749		
SERVICE COMPANY	Opex	Purchase	Adobe	Captivate v6		808				808		
SERVICE COMPANY	Opex	Purchase	Adobe	Captivate v8				352		352		
SERVICE COMPANY	Opex	Purchase	Adobe	Captivate v9				966		966		
SERVICE COMPANY	Opex	Purchase	Adobe	CLPC 5.X Acrobat Standard	1,250					1,250		
SERVICE COMPANY	Opex	Purchase	Adobe	Photoshop CS6 v13			616			616		
SERVICE COMPANY	Opex	Purchase	Adobe	Photoshop Elements v11		636				636		
SERVICE COMPANY	Opex	Purchase	Adobe	Photoshop Elements v12		80	239			318		
SERVICE COMPANY	Opex	Purchase	Adobe	Photoshop Elements v13			79			79		
SERVICE COMPANY	Opex	Purchase	Advizor	(blank)			9,000			9,000		
SERVICE COMPANY	Opex	Purchase	BarTender	Professional Edition		1,482				1,482		
SERVICE COMPANY	Opex	Purchase	BMC	Incident Management		343				343		
SERVICE COMPANY	Opex	Purchase	Browsium	Ion				1,796		1,796		
SERVICE COMPANY	Opex	Purchase	CardScan	(blank)			712			712		
SERVICE COMPANY	Opex	Purchase	Cassidian	Communicator NXT		39,451				39,451		
SERVICE COMPANY	Opex	Purchase	Compuware	(blank)		25,000				25,000		
SERVICE COMPANY	Opex	Purchase	CyberLock	Cyberkeys		700	700			1,400		
SERVICE COMPANY	Opex	Purchase	Double Check	(blank)				98,500		98,500		
SERVICE COMPANY	Opex	Purchase	Dyntek Services	(blank)	537,116		89,626			626,742		
SERVICE COMPANY	Opex	Purchase	FaveQuest	MyEventApps					4,900	4,900		
SERVICE COMPANY	Opex	Purchase	Fusion Storm	(blank)	108,750					108,750		
SERVICE COMPANY	Opex	Purchase	Help Systems	Robot/Schedule/Alert				18,520		18,520		
SERVICE COMPANY	Opex	Purchase	IBM	SmartCloud		745,148				745,148		
SERVICE COMPANY	Opex	Purchase	ISI	Telemanagement				18,476		18,476		
SERVICE COMPANY	Opex	Purchase	Jboss	Ent Application Platform		11,245				11,245		
SERVICE COMPANY	Opex	Purchase	LogMeIn	Rescue		2,160				2,160		
SERVICE COMPANY	Opex	Purchase	Micro Strategies	Professional	838					838		
SERVICE COMPANY	Opex	Purchase	Mindjet	for Windows v11		384				384		
SERVICE COMPANY	Opex	Purchase	MiniTab	Statistical Software v16		5,755				5,755		
SERVICE COMPANY	Opex	Purchase	MiniTab	Statistical Software v17			5,064	3,151		8,215		
SERVICE COMPANY	Opex	Purchase	Novell	Platespin Migrate/Server Workload		2,059				2,059		
SERVICE COMPANY	Opex	Purchase	Novell	Platespin Protect Ent Server Workload		3,603				3,603		
SERVICE COMPANY	Opex	Purchase	Operation Technology	ETAP Licenses					11,900	11,900		
SERVICE COMPANY	Opex	Purchase	Oracle	Enterprise Database			484,128			484,128		
SERVICE COMPANY	Opex	Purchase	Orion	Netflow Traffic Analyzer Module		2,485				2,485		
SERVICE COMPANY	Opex	Purchase	Orion	Network Performance Monitor		2,814				2,814		
SERVICE COMPANY	Opex	Purchase	Orion	Network Performance Monitor SLX		4,140				4,140		
SERVICE COMPANY	Opex	Purchase	People Cube	Asure Software			8,540			8,540		
SERVICE COMPANY	Opex	Purchase	People Cube	Resource Management				15,998		15,998		
SERVICE COMPANY	Opex	Purchase	People Cube	Workspace Manager				8,277		8,277		
SERVICE COMPANY	Opex	Purchase	PWC	Game of Threats				30,000		30,000		
SERVICE COMPANY	Opex	Purchase	SAP	Appendix 18				3,193		3,193		
SERVICE COMPANY	Opex	Purchase	SolarWinds	Solarwinds					21,869	21,869		
SERVICE COMPANY	Opex	Purchase	SolarWinds	SolarWinds Engineers Toolset		327				327		
SERVICE COMPANY	Opex	Purchase	SolarWinds	Solarwinds SCADA				2,937		2,937		
SERVICE COMPANY	Opex	Purchase	SuccessFactors	(blank)				387,073		387,073		
SERVICE COMPANY	Opex	Purchase	Symantec	PGP Desktop Professional		175				175		
SERVICE COMPANY	Opex	Purchase	Techsmith	Camtasia Studio v8			236			236		
SERVICE COMPANY	Opex	Purchase	Techsmith	SnagIt Enterprise License				143	142	285		
SERVICE COMPANY	Opex	Purchase	Techsmith	SnagIt v11	602	4,082	212			4,896		
SERVICE COMPANY	Opex	Purchase	Techsmith	SnagIt v12			516	410		927		
SERVICE COMPANY	Opex	Purchase	VMware	Site Recover				2,916		2,916		
SERVICE COMPANY	Opex	Purchase	VMware	vCloud			3,994			3,994		
SERVICE COMPANY	Opex	Purchase	VMware	vSphere Enterprise			4,193			4,193		
SERVICE COMPANY	Opex	Purchase	VMware	Workstation v10			206			206		
SERVICE COMPANY	Opex	Purchase	VMware	Workstation v9		206				206		
SERVICE COMPANY	Opex	Purchase	(blank)	Dragon NaturallySpeaking Professional		233				233		
SERVICE COMPANY	Opex	Purchase	(blank)	Essential SWL		87,381				87,381		
SERVICE COMPANY	Opex	Purchase	(blank)	Remot Print Manager	204					204		
SERVICE COMPANY	Opex	Purchase	(blank)	RMA-Q2ID for Win v6			(150)			(150)		
SERVICE COMPANY	Opex	Purchase	(blank)	(blank)				41,157		41,157		
SERVICE COMPANY	Opex	<b>Purchase Total</b>				<b>650,726</b>	<b>954,994</b>	<b>771,300</b>	<b>644,368</b>	<b>42,154</b>	<b>3,063,542</b>	
SERVICE COMPANY	<b>Opex Total</b>					<b>723,372</b>	<b>1,371,273</b>	<b>778,539</b>	<b>2,304,138</b>	<b>1,903,568</b>	<b>876,500</b>	<b>7,957,390</b>
SERVICE COMPANY Total						<b>730,627</b>	<b>1,549,321</b>	<b>6,721,389</b>	<b>4,569,338</b>	<b>2,056,420</b>	<b>876,500</b>	<b>16,503,596</b>

---

Grand Total	868,473	2,961,381	7,289,491	5,006,659	2,183,921	876,500	19,186,425
-------------	---------	-----------	-----------	-----------	-----------	---------	------------

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 86.**      Reference the Kentucky American Water application. Regarding page 17, lines 16-22 of Ms. Bridwell's testimony, explain the reasons for the expected decrease in miscellaneous expenses and provide all supporting assumptions, calculations, and workpapers showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items.

The reason for the decrease in Miscellaneous Expense is the elimination from the Base Year of Penalties \$309,395, Injuries and Damages of \$234 and Charitable Contributions of \$125,054 as shown in the workpapers. Please refer to the response to Item 3 of the Commission Staff's First Request for Information, workpaper 3-20, pages 450 to 544 of 746. The excel spreadsheet was also provided as part of that response.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**87.**     Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for miscellaneous expenses.

**Response:**

      Please refer to the attachment.

**Kentucky-American  
Miscellaneous Expense**

<u>Account</u>	<u>AC Name</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
52001300	M & S Oper - Water Treatment	\$66,968	\$95,574	\$66,130	\$46,175	\$72,367
52001400	M & S Oper - Transmission & Distribution	126,144	121,129	106,466	109,413	62,671
52001600	M & S Oper - Admin & General	64,621	34,585	15,033	15,526	28,678
52501200	Misc Oper - Pumping	(3,480)	(340)	166	286	16
52501300	Misc Oper - Water Treatment	68,580	28,506	13,365	10,392	14,967
52501400	Misc Oper - Transmission & Distribution	57,107	66,904	69,852	78,835	66,730
52501600	Misc Oper - Admin & General	128,646	76,575	170,824	79,636	144,668
52514905	Customer Education Communication - Printed	29,568	10,654	5,411	6,008	3,589
52522000	Community Relations	35,327	402	686	0	13,482
52524000	Co Dues/Membership Deductible	1,640	90,727	75,335	87,637	90,632
52527000	Directors Fees	37,253	31,585	40,093	38,065	38,700
52554500	Lab Supplies	142,696	109,469	97,118	72,299	112,184
52564000	Penalties Nondeductible	32	5	121	30	309,445
52568000	Research & Development	19,096	20,670	21,999	22,439	22,346
52579000	Trustee Fees	65,488	22,225	16,759	14,225	20,176
52585000	Discounts Available	(34,875)	(26,518)	(54,646)	(51,604)	(40,479)
52001200	M & S Oper - Pumping	(17)	470	696	334	728
52549000	Injuries and Damages	10,691	30,005	0	0	11,798
52514500	Charitable Donations - Health/Education/Environmnt	0	131,109	112,895	75,636	93,432
52514600	Charitable Donations - Community	0	56,717	26,104	30,564	41,235
52514700	Community Partnerships	0	66,390	138,800	79,532	79,815
52515000	Community Relations - Events	0	12,637	18,065	18,345	14,302
52556500	Low Income Pay Program	0	70,500	40,000	54,248	60,000
52514903	Customer Education Communication - Issues	0	1,529	2,118	7,501	18,267
52514904	Customer Education Communication - Conservation	0	77,274	66,534	75,991	85,897
52515001	Community Relations - Specialty	0	22,107	14,268	16,373	13,247
52548100	Hiring Costs	0	778	418	500	1,717
52586000	PO Small Price Differences - within tolerance	0	310	(234)	97	488
52514909	Customer Education - Video & Photo	0	963	6,339	1,704	919
52549500	Inventory Physical Write-off Scrap	0	14,235	111,789	(4,656)	28,244
52514901	Customer Education Communication - Reg	0	2,013	2,524	9,284	2,769
52514907	Customer Education - Press Releases	0	0	1,565	829	25
52540000	Amort Bus Services Proj Exp	0	0	1,371	308	828
52001100	M & S Oper - Source of Supply	573	0	(49,542)	96	117
52514000	Charitable Contribution Deductible	50	0	0	0	4,418
Grand Total		<u>\$816,106</u>	<u>\$1,169,191</u>	<u>\$1,138,419</u>	<u>\$896,046</u>	<u>\$1,418,417</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

**88.**      Reference the Kentucky American Water application. Provide the actual costs incurred in each of the past five years for rent expense, per page 18, lines 1-4 of Ms. Bridwell's testimony.

**Response:**

Please refer to the attachment for a summary of the actual costs incurred in the past five years for Rent Expense.

**Kentucky-American Water Company****Rent Expense****Historical Five Years**

<b>G/L Acct</b>	<b>G/L Acct Description</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
54110013	Real Property Rents - Water Treatment	\$0	\$0	\$0	\$5,795	\$0
54110014	Real Property Rents - Transmission & Distribution	5,388	6,842	6,690	6,493	6,897
54140011	Equipment Rents - Source of Supply	0	0	0	528	0
54140013	Equipment Rents - Water Treatment	0	1,113	141	1,393	4,408
54140014	Equipment Rents - Transmission & Distribution	0	89	1,259	279	548
54140016	Equipment Rents - Admin & General	26,645	44,379	28,171	17,641	6,256
<b>Total Expense</b>		<b>\$32,033</b>	<b>\$52,423</b>	<b>\$36,260</b>	<b>\$32,130</b>	<b>\$18,110</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

- 89.**      Reference the Kentucky American Water application generally. Identify all vehicles included in the Company's transportation expenses. For each such vehicle, identify when the vehicle was acquired, the make and model, the purpose of the vehicle, and whether the vehicle is leased or owned.

**Response:**

Please see attachment.



## KY American - Vehicles and Equipment Included in Transportation Expenses

KAW\_R\_AGDR1\_NUM089\_032416

Unit #	Acquired Date	Year	Make	Model	Series	Business Purpose/Department	Workforce/Description	Owned/Leased?
21863	7/31/2015	2015	CHEVY	EQUINOX LT 4X4	LT W/1LT	Administration	Safety Lead	Owned
4901	12/28/2009	2010	TOYO	TACOMA	TACOMA	Engineering	Specialist Engineering	Owned
13185	3/7/2014	2014	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Engineering	Specialist Engineering	Owned
11293	12/20/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Engineering	Specialist Engineering	Owned
21864	8/13/2015	2015	CHEVY	EQUINOX LT 4X4	LT W/1LT	Engineering	Director of Engineering	Owned
11283	12/17/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Field Service Representative	Owned
11288	12/17/2010	2011	TOYO	TACOMA ACCESS CAB 2WD	PRERUNNER V6	Field Operations	Field Service Representative	Owned
11282	12/20/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Field Service Representative	Owned
11281	12/20/2010	2010	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Field Service Representative	Owned
11291	12/17/2010	2011	TOYO	TACOMA ACCESS CAB 2WD	PRERUNNER V6	Field Operations	Field Service Representative	Owned
11285	12/20/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Field Service Representative	Owned
13180	3/14/2014	2014	TOYO	TACOMA	ACCESS CAB 4X4 V6	Field Operations	Field Service Representative	Owned
11284	12/20/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Field Service Representative	Owned
11286	12/20/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Field Service Representative	Owned
11290	12/17/2010	2011	TOYO	TACOMA ACCESS CAB 2WD	PRERUNNER V6	Field Operations	Field Service Representative	Owned
11300	12/30/2010	2011	TOYO	TACOMA	4X4 ACCESS CAB	Field Operations	Field Service Representative	Owned
11298	12/30/2010	2011	TOYO	TACOMA	4X4 ACCESS CAB	Field Operations	Field Service Representative	Owned
11289	12/17/2010	2011	TOYO	TACOMA ACCESS CAB 2WD	PRERUNNER V6	Field Operations	Field Service Representative	Owned
11296	12/30/2010	2011	TOYO	TUNDRA REG CAB 4WD	GRADE LARGE V8	Field Operations	Field Service Representative - Stand By	Owned
12435	12/18/2012	2013	TOYO	TACOMA ACCESS CAB 4WD	PRERUNNER V6	Field Operations	Meter Reader	Owned
11301	12/20/2010	2011	TOYO	TACOMA	4X4 ACCESS CAB	Field Operations	Meter Reader	Owned
11292	12/17/2010	2011	TOYO	TACOMA ACCESS CAB 2WD	PRERUNNER V6	Field Operations	Meter Reader	Owned
11302	12/20/2010	2011	TOYO	TACOMA	4X4 ACCESS CAB	Field Operations	Meter Reader	Owned
12418	12/18/2012	2013	TOYO	TACOMA ACCESS CAB 4WD	PRERUNNER V6	Field Operations	Meter Reader	Owned
21865	7/31/2015	2015	CHEV	EQUINOX LT	4X4	Field Operations	Supervisor	Owned
13182	7/22/2014	2014	FORD	F-550	4X4 SD SUPER CAB	Field Operations	Crew Leader/Jr. Backhoe Operator	Owned
16203	12/9/2015	2016	FREIGHTL	2016 FREI 114SD	Tandem Axle	Field Operations	Backhoe Operator	Owned
50914	9/16/2005	2005	GMC	C8	8500 MAINTENANC	Field Operations	Backhoe Operator	Owned
12426	7/25/2013	2013	FORD	F-450 CHASSIS	4X4 SD SUPER CAB	Field Operations	Crew Leader	Owned
13181	6/20/2014	2014	FORD	F-550	4X4 SD SUPER CAB	Field Operations	Crew Leader	Owned
11327	11/19/2010	2011	FORD	F-250 CHASSIS		Field Operations	Crew Leader	Owned
12166	6/25/2012	2012	FORD	F-450 CHASSIS	4X4 SD REGULAR CAB 1	Field Operations	Crew Leader	Owned
12165	7/10/2012	2012	FORD	F-450 CHASSIS	4X4 SD REGULAR CAB 1	Field Operations	Crew Leader	Owned
12428	8/16/2013	2013	FORD	F-450 CHASSIS	4X4 SD SUPER CAB	Field Operations	Crew Leader	Owned
12429	8/2/2013	2013	FORD	F-450 CHASSIS	4X4 SD SUPER CAB	Field Operations	Crew Leader	Owned
13577	8/28/2015	2015	FORD	F-550	4X4 SD SUPER CAB	Field Operations	Crew Leader	Owned
22053	11/13/2015	2015	CHEVY	SILVERADO 2500 HD		Field Operations	Crew Leader	Owned
13578	8/28/2015	2015	FORD	F-550	4X4 SD SUPER CAB	Field Operations	Crew Leader	Owned
13179	3/14/2014	2014	TOYO	TACAMA	ACCESS CAB 4X4 V6	Field Operations	Crew Leader	Owned
12427	7/9/2013	2013	FORD	F-450 CHASSIS	4X4 SD SUPER CAB	Field Operations	Utility	Owned

## KY American - Vehicles and Equipment Included in Transportation Expenses

KAW\_R\_AGDR1\_NUM089\_032416

Unit #	Acquired Date	Year	Make	Model	Series	Business Purpose/Department	Workforce/Description	Owned/Leased?
3072	11/24/2009	2010	TOYO	TACOMA	ACCESS CAB 4X4 V6	Field Operations	Utility	Owned
12289	7/13/2012	2012	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Field Operations	Utility	Owned
13580	12/23/2014	2015	FORD	F-650	4X4 SD REGULAR CAB	Field Operations	Utility	Owned
13222	4/3/2014	2013	FORD	F-750	4X4 SD REGULAR CAB	Field Operations	Utility	Owned
92023	12/15/2008	2009	INTERNATL	4300V LP	4300M7 4300M7	Field Operations	Utility	Owned
92024	12/31/2008	2008	DODG	RAM PICKUP	DC3L63 RAM 350	Field Operations	Utility	Owned
12290	5/15/2012	2013	FORD	EXPLORER	4X4	Field Operations	Manager Field Services	Owned
3070	11/24/2009	2010	TOYO	TUNDRA	DOUBLE CAB 4WD	Field Operations	Operations Specialist	Owned
12425	12/21/2012	2013	FORD	F-150	XL SUPERCAB	Field Operations	Operations Specialist	Owned
11260	10/13/2010	2010	FORD	ESCAPE 4WD	XLT	Field Operations	Operations Specialist	Owned
12325	6/15/2012	2012	TOYO	TUNDRA	DOUBLE CAB 4WD	Field Operations	Operations Supervisor	Owned
11287	12/17/2010	2011	TOYO	TACOMA	ACCESS CAB 2WD	Field Operations	Operations Supervisor	Owned
12433	12/21/2012	2013	FORD	F-150 SUPERCREW	XL SUPERCREQ	Field Operations	Operations Supervisor	Owned
11299	1/11/2011	2011	FORD	F250 SD 4WD	XL	Production	Maintenance Tech II (KRS)	Owned
11448	6/22/2011	2011	FORD	F-350 CHASSIS	XL 4X4 SUPER CAB	Production	Maintenance Tech. II (RRS)	Owned
13147	8/21/2014	2014	FORD	F-350 CHASSIS	XL 4X4 SUPER CAB	Production	Maintenance Tech. II (KRS)	Owned
11447	8/23/2011	2011	FORD	F-450 CHASSIS	XL 4X4 SUPER CAB	Production	Maintenance Tech. II (RRS)	Owned
3071	11/24/2009	2010	TOYO	TACOMA	ACCESS CAB 4X4 V6	Production	Wastewater Operator Millersburg	Owned
1147	12/5/1994	1995	INTE	4700	4000-SERIES 4X2	Production	RRS, SLUDGE PRESS	Owned
12291	5/11/2012	2013	FORD	EXPLORER	4DR 4X4	Production	Supt Central Production	Owned
11408	3/1/2011	2011	TOYO	TUNDRA	5.7L V8 4X4 DBL CAB	Production	Supervisor Production - RRS	Owned
11410	3/1/2011	2011	TOYO	TUNDRA	5.7L V8 4X4 DBL CAB	Production	Supervisor Production - KRS	Owned
11294	12/30/2010	2011	TOYO	TUNDRA	5.7L V8 4X4 DBL CAB	Production	Specialist Maintenance Service	Owned
11280	12/20/2010	2011	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Production	Operations Specialist	Owned
11456	7/29/2011	2011	FORD	F-350 CHASSIS	XL 4X4 SUPER CAB	Production	Specialist Maintenance Service	Owned
12276	3/26/2012	2012	FORD	F-250	4X4 SD REGULAR CAB 8	Production	Specialist Maintenance Service	Owned
1017	4/20/2010	2009	HINO	HINO	MODEL 268A	Production	KRS II, SLUDGE PRESS	Owned
11295	12/30/2010	2011	TOYO	TUNDRA	5.7L V8 4X4 DBL CAB	Production	Production Technician (Wastewater)	Owned
12434	12/18/2012	2013	TOYO	TACOMA ACCESS CAB 4WD	BASE V6	Production	Operations Generalist II	Owned
12324	11/30/2012	2012	FORD	F-350 CHASSIS	XLT	Production	Operations Generalist II	Owned
12323	11/30/2012	2012	FORD	F-350 CHASSIS	XLT	Production	Operations Generalist II	Owned
12322	12/12/2012	2012	FORD	F-350 CHASSIS	XLT	Production	Operations Generalist II	Owned
11346	11/30/2010	2009	FORD	F-650	XL REG CAB	Production	OWENTON, DUMP	Owned
11409	3/1/2011	2011	TOYO	TUNDRA	5.7L V8 4X4 DBL CAB	Production	Supt Operations II	Owned
11012	6/15/2010	2010	TOYO	TUNDRA	V8 4X4 DBL CAB	Production	Field Operations Supervisor	Owned
12417	12/21/2012	2013	FORD	ESCAPE	LS AWD	Water Quality	Specialist Water Quality	Owned
12416	12/13/2012	2013	FORD	ESCAPE	LS AWD	Water Quality	Specialist Water Quality	Owned
21862	7/31/2015	2015	CHEV	EQUINOX LT	4X4	Water Quality	Technician Water Quality	Owned
13184	3/4/2014	2014	FORD	ESCAPE	LS AWD	Water Quality	Sr. Specialist Cross Connection	Owned
21565	#REF!	2011	WAYM	WAYMATIC	TRAILER	Administration	TRAILER, WATER	Owned

## KY American - Vehicles and Equipment Included in Transportation Expenses

KAW\_R\_AGDR1\_NUM089\_032416

Unit #	Acquired Date	Year	Make	Model	Series	Business Purpose/Department	Workforce/Description	Owned/Leased?
82160	#REF!	2008	CASE	580SM 580SM	580SM 580SM BACKHOE	Field Operations	DIST, BACKHOE	Owned
21633	#REF!	2012	CASE	580SN	BACKHOE	Field Operations	DIST, BACKHOE	Owned
21651	#REF!	2012	CASE	SV185	LOADER	Field Operations	DIST, LOADER	Owned
62113	#REF!	2006	CASE	CX31B CX31B	CX31B CX31B	Field Operations	DIST, EXCAVATOR	Owned
21720	#REF!	2013	CASE	CX36B	EXCAVATOR	Field Operations	DIST, EXCAVATOR	Owned
13270	#REF!	2014	CASE	CX36B	EXCAVATOR	Field Operations	DIST, EXCAVATOR	Owned
13552	#REF!	2015	CASE	CX36B	EXCAVATOR	Field Operations	DIST, EXCAVATOR	Owned
1148	#REF!	1999	TRLR	PORTABLE PUMP	PORTABLE PUMP	Field Operations	TRAILER	Owned
1149	#REF!	1991	TRLR	MC122-7 SE	CHEMICAL TRAILER	Field Operations	TRAILER	Owned
1150	#REF!	1999	TRLR	MC122-7 SE	TRAILER	Field Operations	TRAILER, CHEMICAL	Owned
4240	#REF!	1990	TRLR	STIG T3500	STIG T3500	Field Operations	TRAILER	Owned
4615	#REF!	2005	CONL	C-8	C12BL	Field Operations	TRAILER	Owned
4636	#REF!	2005	DITC	T9B	TRAILER	Field Operations	TRAILER	Owned
4649	#REF!	2006	VACT	VMT TRAILER	TRAILER	Field Operations	TRAILER	Owned
4683	#REF!	2008	MILL	M4D16B TRAILER	M4D16B TRAILER	Field Operations	TRAILER	Owned
4686	#REF!	2008	IMPL	WF-10-16 TRAILER	WF-10-16 TRAILER	Field Operations	TRAILER	Owned
4825	#REF!	2009	QUIP	CONTRAIL QC-8	CONTRAIL QC-8	Field Operations	TRAILER	Owned
4826	#REF!	2009	QUIP	CONTRAIL QC-8	CONTRAIL QC-8	Field Operations	TRAILER	Owned
4828	#REF!	2008	TEXA	WATERDOG 1000	WATERDOG 1000	Field Operations	TRAILER	Owned
11349	#REF!	2011	TOWM	TOWMASTER	TRAILERS	Field Operations	TRAILER	Owned
13437	#REF!	2015	PJ TRL	83" D7	TRAILERS	Field Operations	TRAILER, DUMP	Owned
13546	#REF!	2014	LEXI	UT TRAILER	TRAILERS	Field Operations	TRAILER, SAFETY	Owned
13503	#REF!	2013	WACH	LX VMT	TRAILERS	Field Operations	TRAILER VALVE MNTCE	Owned
21700	#REF!	2012	WACH	HYDRO VAC TRAILER	TRAILERS	Field Operations	TRAILER	Owned
21724	#REF!	2013	TOWM	T-24	TRAILERS	Field Operations	TRAILER	Owned
50919	#REF!	2006	TOWM	T-20	BACKHOE TRAILER	Field Operations	TRAILER	Owned
62114	#REF!	2007	CONR	C12BL TRAILER	C12BL TRAILER	Field Operations	TRAILER	Owned
4115	#REF!	1997	CARO	BOAT	BOAT	Production	KRS I, BOAT	Owned
21559	#REF!	1990	YALE	FORKLIFT	FORKLIFT	Production	KRS I, FORKLIFT	Owned
11422	#REF!	2010	GATO	GATOR MADE	TRAILERS	Production	KRS I, TRAILER	Owned
1162	#REF!	1998	HUST	BOAT TRAILER	BOAT TRAILER	Production	KRS I, TRAILER	Owned
4525	#REF!	1999	JOHN	310E BACKHOE	310E BACKHOE	Production	KRS II, BACKHOE	Owned
15200	#REF!	2014	TRACKER	1860 GRIZZLEY JON	Boat	Production	KRS II, BOAT	Owned
1041	#REF!	2010	TOYO	TOYOTA	FORKLIFT	Production	KRS II, FORKLIFT	Owned
11420	#REF!	2010	GATO	GATOR MADE	TRAILER	Production	KRS II, TRAILER	Owned
15201	#REF!	2014	TRLSTAR	U18	TRAILER	Production	KRS II, BOAT TRAILER	Owned
21612	#REF!	2012	CASE	CX36B	CX36B	Production	OWENTON, EXCAVATOR	Owned
21626	#REF!	2012	WACH	TRAILER	TRAILER	Production	OWENTON, DIST	Owned
4682	#REF!	2008	MILL	M4D16B TRAILER	M4D16B TRAILER	Production	OWENTON, TRAILER	Owned
21830	#REF!	2013	CASE	580 SN	310E BACKHOE	Production	OWENTON, BACKHOE	Owned

KY American - Vehicles and Equipment Included in Transportation Expenses

KAW\_R\_AGDR1\_NUM089\_032416

Unit #	Acquired Date	Year	Make	Model	Series	Business Purpose/Department	Workforce/Description	Owned/Leased?
4116	#REF!	1997	OLYM	BOAT	BOAT	Production	OWENTON, BOAT	Owned
71158	#REF!	2007	CASE	580SM 580SM	580SM 580SM	Production	RRS, BACKHOE	Owned
13500	#REF!	2014	TOYO	FORKLIFT	FORKLIFT	Production	RRS, FORKLIFT	Owned
13574	#REF!	2014	GATO	GATO MADE ENCLOSED	TRAILER	Production	RRS, TRAILER	Owned
1164	#REF!	2000	TRLR	LAWN TRAILER	LAWN TRAILER	Production	RRS, TRAILER	Owned
11421	#REF!	2010	GATO	GATOR MADE	TRAILER	Production	RRS, TRAILER	Owned
4757	#REF!	2007	MGS	GLW20M-10066	GLW20M-10066	Production	RRS, TRAILER	Owned

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Kevin N. Rogers**

**90.**      Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for transportation expense.

**Response:**

Please refer to the attachment for a summary of actual costs incurred in the past five years for transportation expense.

**Kentucky-American Water Company**  
**Transportation Expense**  
**Historical Five Years**

<b>G/L Acct</b>	<b>G/L Acct Description</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
55000000	Transportation (O&M) - Natural Account	\$0	\$51,978	(\$16,225)	(\$11,293)	(\$9,401)
55000012	Transportation Oper - Pumping	0	118	104	16	0
55000013	Transportation Oper - Water Treatment	70	141	559	179	(43)
55000014	Transportation Oper - Transmission & Distribution	(488)	7,588	4,224	2,784	87
55000015	Transportation Oper - Customer Accounting	136	10	0	0	(33)
55000016	Transportation Oper - Admin & Gen	45,406	37,519	16,150	10,259	4,492
55000023	Transportation Maint - Water Treatment	0	47	24	231	388
55000024	Transportation Maint - Transmission & Distribution	0	297	368	137	194
55000100	Transportation Capital Credits	(94,754)	(145,689)	(21,987)	(68,611)	(103,399)
55010100	Transportation Lease Costs	1,881	16,413	90,101	1,294	37,915
55010200	Transportation Lease Fuel	360,810	361,458	332,673	343,072	236,129
55010300	Transportation Lease Maint	158,834	176,256	161,502	212,685	270,054
55010400	Transportation - Employee Reimbursement to Company	(1,807)	(868)	0	6	0
55010500	Transportation - Reimburse Employee Personal Use	5,186	1,767	2,557	4,669	5,823
<b>Total Expense</b>		<b>\$475,275</b>	<b>\$507,035</b>	<b>\$570,051</b>	<b>\$495,430</b>	<b>\$442,206</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 91.**      Reference the Kentucky American Water application generally. Does the Company have a bad debt reserve? If so, provide, for each of the past five years as well as for the Base Period and Test Period, the beginning balance in the reserve, the amount added to the reserve, the amounts written off, and the ending balances. Include an excel file with your response.

**Response:**

Please refer to the response to Item 92 of this request for information.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 92.**      Reference the Kentucky American Water application generally. Provide, for each of the past three years:
- a.      the amount of bad debts written-off,
  - b.      the amount of bad debts written off that were subsequently recovered,
  - c.      the amount of any additions to a bad debt reserve, if applicable, and
  - d.      the total revenues from water sales.

**Response:**

- a.      Please refer to the attachment for bad debts written off for the past three years.
- b.      Bad debt recoveries for 2015, 2014 and 2013 were \$74,296, \$44,250 and \$42,866 respectively.
- c.      Please refer to the attachment.
- d.      The total billed revenue for water sales only (no sewer) for 2015, 2014 and 2013 were \$80,249,248, \$87,103,300 and \$88,715,102 respectively.



**Kentucky American**  
**KAW\_R\_AGDR1\_NUM092\_032416**

**Test Year 9/1/16-8/31/17**

<b>Accumulated Write Offs</b>	<b>Sep 2016</b>	<b>Oct 2016</b>	<b>Nov 2016</b>	<b>Dec 2016</b>	<b>Jan 2017</b>	<b>Feb 2017</b>	<b>Mar 2017</b>	<b>Apr 2017</b>	<b>May 2017</b>	<b>Jun 2017</b>	<b>Jul 2017</b>	<b>Aug 2017</b>
Acct 14300000 Beg Balance	(\$1,046,379)	(\$1,001,205)	(\$1,115,119)	(\$1,095,229)	(\$944,881)	(\$957,165)	(\$1,081,947)	(\$1,036,834)	(\$969,655)	(\$1,142,526)	(\$1,003,985)	(\$1,010,550)
Acct 14300000 Activity (Provision)	45,173	(113,913)	19,890	150,348	(12,284)	(124,782)	45,113	67,180	(172,871)	138,541	(6,565)	(178,319)
Acct 14300000 End Balance	(1,001,205)	(1,115,119)	(1,095,229)	(944,881)	(957,165)	(1,081,947)	(1,036,834)	(969,655)	(1,142,526)	(1,003,985)	(1,010,550)	(1,188,870)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	116,163	73,144	101,669	83,525	26,080	(12,741)	28,264	18,578	90,559	72,137	51,539	36,309

**Base Year 5/1/15-4/30/16**

<b>Accumulated Write Offs</b>	<b>May 2015</b>	<b>Jun 2015</b>	<b>Jul 2015</b>	<b>Aug 2015</b>	<b>Sep 2015</b>	<b>Oct 2015</b>	<b>Nov 2015</b>	<b>Dec 2015</b>	<b>Jan 2016</b>	<b>Feb 2016</b>	<b>Mar 2016</b>	<b>Apr 2016</b>
Acct 14300000 Beg Balance	(\$811,249)	(\$869,517)	(\$874,819)	(\$852,214)	(\$877,069)	(\$862,750)	(\$891,868)	(\$848,191)	(\$714,879)	(\$976,328)	(\$1,026,933)	(\$990,884)
Acct 14300000 Activity (Provision)	(58,268)	(5,302)	22,605	(24,855)	14,319	(29,118)	43,677	133,312	(261,450)	(50,604)	36,048	(3,712)
Acct 14300000 End Balance	(869,517)	(874,819)	(852,214)	(877,069)	(862,750)	(891,868)	(848,191)	(714,879)	(976,328)	(1,026,933)	(990,884)	(994,597)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	135,207	65,193	60,007	81,049	135,829	94,137	79,789	85,307	25,087	(12,256)	27,187	17,870

**Year 2015-Actual**

<b>Accumulated Write Offs</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
Acct 14300000 Beg Balance	(\$746,944)	(\$801,981)	(\$822,159)	(\$786,505)	(\$811,249)	(\$869,517)	(\$874,819)	(\$852,214)	(\$877,069)	(\$862,750)	(\$891,868)	(\$848,191)
Acct 14300000 Activity (Provision)	(55,036)	(20,178)	35,655	(24,744)	(58,268)	(5,302)	22,605	(24,855)	14,319	(29,118)	43,677	133,312
Acct 14300000 End Balance	(801,981)	(822,159)	(786,505)	(811,249)	(869,517)	(874,819)	(852,214)	(877,069)	(862,750)	(891,868)	(848,191)	(714,879)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	134,706	71,000	44,059	107,675	135,207	65,193	60,008	81,049	135,829	94,137	7,625	(30,858)

**Year 2014-Actual**

<b>Accumulated Write Offs</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
Acct 14300000 Beg Balance	(\$971,485)	(\$1,032,542)	(\$1,090,746)	(\$1,211,789)	(\$1,274,003)	(\$1,346,942)	(\$1,422,292)	(\$1,282,217)	(\$1,261,996)	(\$982,251)	(\$902,716)	(\$898,642)
Acct 14300000 Activity (Provision)	(61,057)	(58,204)	(121,043)	(62,214)	(72,939)	(75,350)	140,075	20,221	279,745	79,535	4,074	151,697
Acct 14300000 End Balance	(1,032,542)	(1,090,746)	(1,211,789)	(1,274,003)	(1,346,942)	(1,422,292)	(1,282,217)	(1,261,996)	(982,251)	(902,716)	(898,642)	(746,944)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	166,632	103,175	195,588	157,626	176,533	132,001	18,198	53,483	(176,366)	49,087	119,929	46,159

**Year 2013-Actual**

<b>Accumulated Write Offs</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
Acct 14300000 Beg Balance	(\$656,222)	(\$679,807)	(\$700,774)	(\$650,110)	(\$722,620)	(\$601,911)	(\$1,123,471)	(\$924,515)	(\$1,021,016)	(\$1,053,762)	(\$1,317,351)	(\$1,392,484)
Acct 14300000 Activity (Provision)	(23,584)	(20,968)	50,664	(72,510)	120,709	(521,559)	198,956	(96,501)	(32,746)	(263,590)	(75,133)	420,999
Acct 14300000 End Balance	(679,807)	(700,774)	(650,110)	(722,620)	(601,911)	(1,123,471)	(924,515)	(1,021,016)	(1,053,762)	(1,317,351)	(1,392,484)	(971,485)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	71,144	55,278	(20,142)	66,536	(116,835)	513,577	(39,332)	143,405	62,986	319,496	196,761	(160,614)

**Year 2012-Actual**

<b>Accumulated Write Offs</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
Acct 14300000 Beg Balance	(\$542,769)	(\$540,728)	(\$447,957)	(\$432,847)	(\$359,920)	(\$338,759)	(\$366,134)	(\$367,945)	(\$410,459)	(\$427,361)	(\$487,519)	(\$490,049)
Acct 14300000 Activity (Provision)	2,041	92,771	15,111	72,927	21,161	(27,375)	(1,811)	(42,514)	(16,902)	(60,157)	(2,530)	(166,173)
Acct 14300000 End Balance	(540,728)	(447,957)	(432,847)	(359,920)	(338,759)	(366,134)	(367,945)	(410,459)	(427,361)	(487,519)	(490,049)	(656,222)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	100,982	(50,004)	19,197	(40,848)	10,759	81,227	3,427	83,871	55,259	112,795	55,711	164,330

**Year 2011-Actual**

<b>Accumulated Write Offs</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
Acct 14300000 Beg Balance	(\$406,809)	(\$427,258)	(\$338,086)	(\$424,233)	(\$390,706)	(\$441,961)	(\$458,068)	(\$491,930)	(\$459,332)	(\$541,219)	(\$544,464)	(\$610,137)
Acct 14300000 Activity (Provision)	(20,449)	89,173	(86,147)	33,527	(51,255)	(16,107)	(33,862)	32,598	(81,887)	(3,245)	(65,673)	67,367
Acct 14300000 End Balance	(427,258)	(338,086)	(424,233)	(390,706)	(441,961)	(458,068)	(491,930)	(459,332)	(541,219)	(544,464)	(610,137)	(542,769)

<b>Write Offs Acct</b>												
Acct 57010015 & 57010016 Activity	87,859	(61,828)	114,295	(7,517)	120,006	58,110	67,972	(23,692)	139,649	5,662	157,056	(43,406)

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 93.**   Reference the Kentucky American Water application generally. Itemize the customer accounting expenses included in the filing. For each category, provide the actual expenses in each of the past five years.

**Response:**

Please refer to the attachment.

**Kentucky-American  
Customer Accounting Expense**

<u>Account</u>	<u>AC Name</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
52510015	Bank Service Charges - Customer Accounting	\$191,661	\$190,113	\$194,427	\$170,432	\$149,160
52520000	Collection Agencies	129,420	80,445	61,648	103,354	170,988
52542015	Forms - Customer Accounting	205,055	173,223	190,530	151,317	151,438
52566015	Postage - Customer Accounting	607,723	585,780	579,489	607,175	603,115
52514906	Customer Education - Bill Inserts	0	18,516	21,153	17,420	24,291
52501500	Misc Oper - Customer Accounting	(107)	0	0	1,352	1,054
Grand Total		<u>\$1,133,752</u>	<u>\$1,048,078</u>	<u>\$1,047,248</u>	<u>\$1,051,052</u>	<u>\$1,100,045</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 94.** Reference the Kentucky American Water application. Provide all supporting assumptions, workpapers, and calculations underlying the forecast for customer accounting expenses, as discussed on page 18, beginning at line 21, of Ms. Bridwell's testimony.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items.

The largest increase was the adjustment for the credit card fee of \$318,900. Kentucky American is charged fees for credit card payment by the customer for payment of their monthly water bill. Please refer to the workpapers provided in response to Item 3 of the Commission Staff's first request for information. Also see the response to Item 95 of this same request.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 95.**      Reference the Kentucky American Water application generally. Did Kentucky American Water incur fees for credit card payments in the Base Period? If so, identify such fees and state the number of credit card payments in the Base Period as well as the projected percentage of credit card payments that the Company expects in the Test Period.

**Response:**

No, Kentucky American did not incur credit card payment fees in the Base Period. In September 2015, KAWC customers paid \$26,575 in credit card fees to a third party vendor. KAWC estimated that based on that amount, the forecasted credit card fees would be \$300,000.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**96.**     Reference the Kentucky American Water application generally. Itemize the estimated rate case costs for this proceeding and state how each component of the rate case cost claim was determined.

**Response:**

Please see the attachment for an itemized list of the estimated rate case costs and how each component of the rate case cost claim was determined.

Kentucky-American Water Company  
KAW\_R\_AGDR1\_NUM096\_032416  
Estimated Rate Case Cost Components  
Case No. 2015-00418

Service	Consultant	Estimated Cost	Origin of Cost
Cost of Capital (Rate of Return)	Financial Strategy Associates	\$35,000	Contractual cost for services rendered.
Weather Normalization	Edward Spitznagel	21,820	Contractual hourly rate charged for services rendered; includes expenses for attending hearings, travel, & other contingencies.
Rate Case Preparation	Service Company	177,000	Inflation of 5% applied to historical cost for services rendered.
Legal	Stoll Keenon Ogden	458,000	Inflation of 5% applied to historical cost for services rendered; includes cost for Towers Watson Compensation Study.
Cost of Service Study	Gannett Fleming, Inc.	77,550	Contractual hourly rate charged for services rendered; includes expenses for travel & other contingencies.
Depreciation Study	Gannett Fleming, Inc.	32,000	Contractual cost for services rendered.
Customer Notice		60,000	Estimate based on historical cost.
Miscellaneous		23,000	Estimate based on historical cost.
Total Estimated Rate Case Expense		<u>\$884,370</u>	



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 97.**      Reference the Kentucky American Water application generally. Identify any regulatory commission expenses included in the Company's proposed revenue requirement, other than costs associated with the current rate case.

**Response:**

There are no additional regulatory commission expenses included in the Company's proposed revenue requirement, other than the costs associated with the amortization of rate case expense for Case No. 2012-00520 in the base period. Those expenses are fully amortized during the base period.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Linda C. Bridwell**

- 98.** Reference the Kentucky American Water application generally. For each of the past three Kentucky American Water rate case filings, provide:
- a. filing date,
  - b. test year,
  - c. the amount of the increase requested,
  - d. the percentage increase requested,
  - e. the amount and percentage of increase granted,
  - f. the average residential bill amount before and after the rate increase,
  - g. the average residential percentage bill increase,
  - h. whether the case was litigated or settled,
  - i. the total rate case costs incurred, and
  - j. the effective date of new rates.

**Response:**

Case No.	2012-00520	2010-0036	2008-00427
Filing Date	12/28/2012	2/26/2010	10/31/2008
Test Year	7/31/2014	9/30/2011	5/31/2010
Amount Requested	\$12,317,702	\$25,848,286	\$18,494,631
Percentage Increase Requested	14.64%	38.00%	31.27%
Amount of Increase Authorized	\$6,904,134	\$18,825,136	\$10,300,000
Percentage of Increase Authorized	8.08%	27.73%	17.33%
Average Residential Bill Before	\$32.75	\$25.46	\$22.94
Average Residential Bill After	\$36.30	\$32.59	\$26.73

Average Residential Percentage Increase	10.85%	28.01%	16.56%
Litigated or Settled	Litigated	Litigated	Settled
Total Rate Case Costs Recorded	\$701,178	\$596,360	\$417,097
Effective Date	7/28/2013	9/28/2010	06/01/09

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**99.**     Reference the Kentucky American Water application generally. Provide a copy of all contracts with consultants or other third parties for rate case services claimed in this filing.

**Response:**

Please see the attached. The contracts are confidential and are subject to a petition for confidential treatment.

**ATTACHMENT TO KAW\_R\_AGDR1\_NUM099\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

**100.** Reference the Kentucky American Water application generally. Provide copies of all Requests for Proposal issued by or on behalf of Kentucky American Water with regard to the provision of rate case services in this case.

**Response:**

Please see the attached.



2300 Richmond Road  
Lexington, KY 40502  
[www.amwater.com](http://www.amwater.com)

P 859.268.6373  
F 859.268.6327

December 12, 2014

Mr. John Spanos, Vice President  
Gannett Fleming Valuation and Rate Consultants, LLC  
P.O. Box 67100  
Harrisburg, PA 17106-7100

RE: RFP for Kentucky American Water Depreciation Study

Dear John:

Kentucky American Water requires an updated Depreciation Study ("Study") be prepared and filed in conjunction with our next rate case. The work requirement for this is as follows:

1. The basis of the study will be the same as last filed in the Company's last rate case.
2. We would like to continue to have one single set of depreciation rates for the water utility.
3. We currently have the same depreciation rates for all Water Divisions.
4. Sewer Divisions will not be a part of this upcoming rate case.
5. This will also involve the acquisition of the City of Millersburg Water and Sewer operation. This operation was purchased in 2014 and, upon acquisition, moved to the same consolidated depreciation rates as approved in the last rate case for water, with adopted depreciation rates for its sewer utility.
6. The depreciation study will be as of December 31, 2014.
7. The depreciation study will need to be completed by June 30, 2014. All initial direct testimony will need to be prepared no later than July 31, 2014.

If you are interested in providing expert testimony and performing the other work requirements noted above, please submit your response to this RFP by Wednesday, December 31, 2014. Your response should contain the following:

1. Total estimated cost "not to exceed" for work up to and including preparing and filing the study and direct testimony with the Kentucky Public Service Commission.
2. Hourly rates for Mr. Spanos and any Gannett Fleming Valuation and Rate Consultants ("Gannett Fleming") employee who would provide service to the

Company related to the Study during the course of the rate case after it is formally filed.

3. General narrative discussion of your approach to the Study along with general data needs that you will require from the Company to complete the Study and time frame you will need responses returned to you in order to meet the schedule.

In addition to the scope of the work above, Gannett Fleming would be required to respond to data requests relating to the depreciation study, assist in preparing a response to an Attorney General expert report along with any other party in the proceeding, prepare rebuttal testimony and testify before the Kentucky Public Service Commission, if required. The hourly rates submitted under item 2 will be the basis for billing service performed beyond the filing of the study and testimony.

The study should include plant data through December 2014. A draft of the study will be required by June 15, 2015 and the final version of the study is needed by June 30, 2015. At the conclusion of the case, Gannett Fleming will provide the Company with a complete data file containing all the data (i.e. plant additions, retirement, etc.) used to perform the study.

If selected, Gannett Fleming would be required to meet all the time requirements and deadlines during the rate case.

Sincerely,



Linda C. Bridwell, PE  
Manager, Rates & Regulation KY & TN

cc: Gary M. VerDouw  
Sue Krohn





February 17, 2015

Mr. Paul Herbert  
Gannett Fleming, Inc  
PO Box 67100  
Harrisburg, PA 17106-7100

Dear Paul,

Kentucky American requires a cost of service study and a related tariff design study prepared in conjunction with our next rate case. The Company plans to file the rate increase application on August 31, 2015. The revenue requirement calculation, cost of service study, and rate design need to be completed in time to file the application.

If Gannett Fleming is interested in preparing this study, please provide your response to this request for proposal by Tuesday, March 3, 2015.

**Section A**

The requirements of the studies are as follows:

1. Basis of study is Base Extra Capacity Method (including Sale for Resale Customers with special contracts and filing for DSIC approval).
2. Adhere to Staff's recommendations for rate design and cost of service for Staff Report in current case.

**Section B**

The response to the RFP should include the following:

1. Total estimated cost "not to exceed" for work up to and including preparing and filing the studies and direct testimony.
2. Hourly rates for Mr. Herbert and any Gannett Fleming employee who would provide service to the Company during the course of the rate case after it is formally filed.

In addition to the scope of the work above, Gannett Fleming would be required to respond to data requests relating to the cost of service study and rate design, assist in preparing a response to the KYPSC Staff Report along with any other party in the proceeding, prepare rebuttal testimony and testify before the Commission if required. The hourly rates submitted under Section B will be the basis for billing service performed beyond the filing of the study and testimony.



KENTUCKY  
AMERICAN WATER

Mr. Paul Herbert  
February 17, 2015  
Page 2

Kentucky American Water has also been requested to review the possibility of changing the cost of service allocation for public fire service as a surcharge on all other rate classes. We would like to discuss with you the different approaches for reviewing this change.

The filing will use a 12 month test year ending March 31 2017 adjusted for known and measurable changes. Once the test year and rate base data are complete, you will be provided with an Excel spreadsheet that contains this data. The file can be used to begin developing the cost of service study model. This should be completed by July 9, 2015. The same file will be provided again which will include all proforma adjustments which supports the proposed revenue requirement. This should be completed by July 19, 2015. A draft of the cost of service study and rate design will be required by July 21, 2015, and the final version of the cost of service study and rate design is needed by August 3, 2015.

If selected, Gannett Fleming would be required to meet all time requirements and deadlines during the rate case.

If you have any questions, please give me a call.

Sincerely,

Linda C. Bridwell, PE  
Rates and Regulation Manager, KY & TN  
American Water Company  
2300 Richmond Road  
Lexington, KY 40502  
859-268-6373 (work)  
859-537-0747 (cell)  
Linda.bridwell@amwater.com



February 17, 2015

James Vander Weide  
Financial Strategy Associates  
3606 Stoneybrook Drive  
Durham, NC 27705

Dear Jim:

American Water is planning to authorize the filing of a rate case for its water operations in Kentucky. We require expert testimony to support the Company's requested rate of return on equity. The work requirement for this is as follows:

1. Provide a recommendation for a return on equity supported by appropriate direct testimony and exhibits.
2. Respond to data requests from Commission Staff, public counsel and interveners, as required.
3. Review and analyze direct, rebuttal, and Surrebuttal testimony of parties in the case (if required).
4. Prepare rebuttal and Surrebuttal testimony (if required).
5. Testify before the Commission on issues of equity return (if required).
6. Assist in preparing legal briefs (if required).

If Financial Strategy Associates is interested in providing expert testimony, please submit your response to this RFP addressing the following:

1. A discussion of your methodology and approach to support a return on equity.
2. A list of your qualifications.
3. The cost to not exceed to provide a draft recommendation and testimony and a final recommendation and testimony to be filed with the Commission. Also, provide an hourly rate to be billed for services performed subsequent to the initial filing of the rate case.

We are planning to file the case on August 31, 2015. Your time frame is as follows:

ROE Recommendation	06/22/15
Draft Testimony	07/20/15
Final Testimony	07/31/15



**KENTUCKY**  
**AMERICAN WATER**

James Vander Weide  
February 17, 2015

Please provide your RFP response to me by Tuesday, March 3, 2015.

If you have any questions, please give me a call.

Sincerely,

A handwritten signature in cursive script that reads "Linda C. Bridwell".

Linda C. Bridwell, PE  
Rates and Regulation Manager, KY & TN  
American Water Company  
2300 Richmond Road  
Lexington, KY 40502  
859-268-6373 (work)  
859-537-0747 (cell)  
[Linda.bridwell@amwater.com](mailto:Linda.bridwell@amwater.com)

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 101.** Reference the Kentucky American Water application generally. Provide all supporting assumptions, calculations, and workpapers for the Company's claim for Insurance Other Than Group, discussed on page 19, lines 14-22 of Ms. Bridwell's testimony.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items, one of which was Insurance Other Than Group.

Insurance Other than Group for 2016 was calculated using the best estimate in coordination with our insurance brokers at the time the plan was established. The 2017 plan is based upon the 2016 plan increased by 6.30%. For the calculations, please refer to the workpapers provided in response to Item 3 of the Commission Staff's first request for information.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

**102.** Reference the Kentucky American Water application generally. Provide, separately by general liability, workers compensation and property insurance, the actual costs incurred in each of the past five years.

**Response:**

Please refer to the attachment for a five year history from 2011 to 2015 for the above mentioned policy premiums.

Kentucky-American

Response to KAW\_R\_AGDR1\_NUM102\_032416

	<u>GL</u>	<u>WC</u>	<u>Property</u>	<u>Total</u>
2015	252,364	142,219	134,606	529,189
2014	209,401	163,926	138,719	512,046
2013	226,581	181,097	143,671	551,349
2012	212,222	162,845	114,738	489,805
2011	247,043	162,862	122,152	532,057
Total	<u>\$1,147,611</u>	<u>\$812,949</u>	<u>\$653,887</u>	<u>\$2,614,447</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 103.** Reference the Kentucky American Water application generally. Provide all supporting assumptions, workpapers, and calculations for the maintenance, supplies and services expenses of \$2,215,590 per page 20, lines 1-4 of Ms. Bridwell's testimony, and state if labor is included in these costs.

**Response:**

The Kentucky American base period of May 2015 to April 2016 consists of six months of actual results (May 2015 to Oct 2015) and six months of forecast. The 2017 plan remained flat using the 2016 forecast numbers except for only a few expense items, one of which was Maintenance Supplies & Services.

All labor is included on the labor line. There is no labor included in Building Maintenance & Services. Building Maintenance & Services line was put together as stated above for 2016. The 2016 plan was used for 2017 plus a 2.00% increase. For calculations, please refer to the workpapers provided in response to Item 3 of the Commission Staff's first request for information.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

**104.** Reference the Kentucky American Water application generally. Provide, for each of the past five years, the actual the maintenance, supplies and services expenses incurred by the Company.

**Response:**

Please refer to the attachment.

**Kentucky-American  
Maintenance Supply & Services Expense**

<u>Account</u>	<u>AC Name</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
62002100	M&S Maint - Source of Supply	\$114,196	\$41,750	\$95,499	\$12,021	\$30,511
62002300	M&S Maint - Water Treatment	317,204	300,870	349,085	130,953	181,038
62002400	M&S Maint - Transmission & Distribution	365,459	347,900	198,614	115,030	82,220
62002600	M&S Maint - Admin & General	23,736	23,238	22,733	22,695	22,029
62502300	Misc Maint - Water Treatment	0	2,954	3,410	1,793	117,182
62502400	Misc Maint - Transmission & Distribution	0	40,738	86,650	255,187	259,957
62502600	Misc Maint - Admin & General	0	110,737	128,577	163,783	209,861
62512300	Amort Def Maint - Water Treatment	176,505	133,941	116,150	116,150	112,880
62512400	Amort Def Maint - Transmission & Distribution	195,307	283,054	314,434	334,666	298,744
62520700	Misc Maint Paving/Backfill	207,985	136,512	98,871	199,073	113,703
63150026	Contract Svc-Other Maint - Admin & General	28,864	66,805	43,199	10,073	946
63150023	Contract Svc-Other Maint - Water Treatment	0	8,601	19,711	219,138	307,709
63150024	Contract Svc-Other Maint - Transmission & Distr	0	65,245	95,511	143,537	211,551
62502100	Misc Maint - Source of Supply	0	0	169	203	4,876
63150021	Contract Svc-Other Maint - Source of Supply	0	0	4,892	216,950	27,376
63110024	Contract Svc-Eng Maint - Transmission & Distr	0	0	2,708	1,354	0
63150022	Contract Svc-Other Maint - Pumping	0	0	899	(899)	0
62502420	Misc Maint - Transmission & Distribution - Mains	470	0	0	17,962	0
62502435	Misc Maint - Transmission & Distribution - Meters	0	0	0	0	201
Grand Total		<u>\$1,429,727</u>	<u>\$1,562,346</u>	<u>\$1,581,112</u>	<u>\$1,959,670</u>	<u>\$1,980,784</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 105.** Reference the Kentucky American Water application generally. Provide the amount of expenses for memberships and dues included in the filing indicating the organization paid and the employees who participate (union, management, directors, etc.). Include both costs that are directly incurred by Kentucky American Water as well as costs allocated to the Company.

**Response:**

A list of organizations included in the filing is in the attachment to Item 46 of the Commission Staff's second request for information. The amount of memberships and dues included in the filing is \$100,793 for account 52540000-Co Dues/Membership Deductible for the forecasted Test Year ended August 31, 2017. Participants include non-union Managers, Directors, and other employees whose job may benefit from these memberships.

Dues and Memberships allocated to Kentucky American Water from the Support Services are \$34,212 in the forecasted test year. Participants include non-union Managers, Directors, and other employees whose job may benefit from these memberships. Please see attachment for the listing of allocated dues and memberships.

Kentucky-American Water Company  
 Response to KAW\_R\_AGDR1\_NUM105  
 AWWSC allocated Dues and Memberships list

Vendor/Description	Full name of Organization
ABIH.ORG	American Board of Industrial Hygiene
ACFE	Association of Certified Fraud Examiners.
ACMP	Association of Change Management Professionals
AICPA AICPA	American Institute of Certified Public Accountants.
AMER SOC CIVIL ENGINEERS	American Society of Civil Engineers
AMERICAN CHEMICAL SOCIETY	American Chemical Society
AMERICAN SOCIETY	
AMERICAN WATERWORKS	American Water Works Association
APAMEMBERDUESSUBS	American Planning Association
ASIS INTERNATIONAL ONLINE	American Society for Industrial Security
ASSOC FOR FINANCIAL PRO	Association for Financial Professionals
ATD	Association for Talent Development
ATTORNEYCREDITS.COM	
BJ WHOLESALE Club	
CORPORATE EXECUTIVE BOARD	
CXO Media Inc	
E P EXECUTIVE PRESS INC	ExecutivePress.net
FCC	Federal Communications Commission
FINANCIAL ACCOUNTING STANDARDS	Financial Accounting Standards
FINANCIAL RESEARCH INSTITUTE	Financial Research Institute
Gartner	Gartner Inc.
GAWP	Georgia Association of Water Professionals
GOGOAIR.COM	Gogo Inflight Internet
GUIDESTAR USA INC	Guidestar USA INC
HAR HARVARD BUSNS REV	Harvard Business Review
HR Policy Association	
IIBA	international Institute of Business Analytics
INST OF CERTIFIED MGMT	Institute of Certified Management Accountants
INTERNATIONAL ULTRAVIOLE	International Ultraviolet Association
INT'L ASSOC OF ADMIN PRO	International Association of Administrative Professionals
ISACA	Information Systems Audit and Control Association
ISC 2	IT Certification and Security Experts
ITSMFUSA	IT Service Management Forum USA
Mississippi River Cities Towns	
MORPHO TRUST NJ ENROLLMEN	MorphoTrust USA
MSI MORNINGSTAR INC	Morningstar Stock Investor
MWC	Mobile World Congress
N.A.A.A.H.R.	National Association of African American American Resources
NATIONAL BUSINESS INST.	National Business Institute
NATIONAL SAFETY COU	National Safety Council
Nemertes	Nemertes Research
NFPA NATL FIRE PROTECT	National Fire Protection Association
NJ BOARD OF BAR EXAMINERS	
NJ SOCIETY OF CPAS	New Jersey Society of Certified Public Accountants
NOREX INC	Norex Inc.
NYS BAR ASSOCIATION	
ONLC TRAINING CENTERS	
PA ATTRNY REGISTRATN FEES	
PA PROF LICENSE FEE	Pennsylvania Professional License Fee
PAYPAL AMERICANIND AMERI	PayPal American in America
PENNSYLVANIA INSTITUTE OF CPA	Pennsylvania Institute of Certified Public Accountants
PENSACOLA AREA CHAMBER	Pensacola Area Chamber of Commerce
PROJECT MANAGEMENT INSTITUTE	Project Management Institute
PUBLIC COMPANY ACCTG OVERSIGHT	Public Company Accounting Oversight Board
Rockhurst STAR12	Rockhurst University Star12
SEC HOT TOPICS	SEC HOT TOPICS Institute
Shared Xpertise LLC	Shared Expertise LLC
SHRM	Society for Human Resource Management
SOCIETY FOR I-O PSYCHOLO	Society for Industrial and Organizational Psychology
ST LOUIS REGIONAL CHAMBER	
STATE BAR OF GEORGIA	
SURVEYMONKEY.COM	
THE INST OF INT AUDITOR	The institutes of Internal Auditors
THE MISSOURI BAR	
USC FCCCHR	Foundation for Cross-Connection Control & Hydraulic Research
VMWORLD CONFERENCE	VMWorld.com
WEF WYTHE	Water Environment Federation
WORLD AT WORK	World at Work

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 106.** Reference the Kentucky American Water application generally. For each entity for which dues and membership expenses are included in the filing, identify any portion of dues or membership fees that are directed toward lobbying activities by the organization.

**Response:**

Please refer to attachment to the response to Item 46 of the Commission Staff's Second Request for Information. This response contains the May 2015 to Oct 2015 actual membership/dues listing. NAWC dues include lobbying fees but the total NAWC invoice is broken out and booked to different accounts. Account 52556000-Co dues & Memberships include only dues from the total NAWC invoice. Account 75840000-Lobbying Expenses include the portion of the NAWC invoice related to lobbying fees. No other organizations are known to include lobbying fees.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

**107.** Reference the Kentucky American Water application generally. Provide the amount of meals expenses included in the Test Period that are not deductible in the Company's income tax return.

**Response:**

There are none.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 108.** Reference the Kentucky American Water application generally. Provide the pro forma Test Period depreciation expenses if the current depreciation rates had been utilized. Include an excel file with the Company's Test Period plant, by account, its current depreciation rates, and the resulting annual depreciation expense.

**Response:**

Please see KAW\_R\_AGDR1\_NUM108\_032416\_Attachment for the pro forma test period depreciation expense calculated utilizing the current depreciation rates.

**Kentucky American Water Company****Summary of Depreciation Expense for the Forecasted Period Utilizing Current Depreciation Rates**

<b>Description</b>	<b>Amount</b>
Life Depreciation	\$13,860,721
COR Accrual	2,313,992
CIAC Amortization Credit - Non-Tax	(1,502,224)
CIAC Amortization Credit -Tax	(297,870)
	<u>\$14,374,619</u>











Mentech American Water Company  
 Case No. 2015-0013  
 Contributions to Aid of Construction Balance by Month, Aug 2016 - Jul 2017

Account	Account Description											
	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
27113000 CAC-NY Main	(521,744,242)	(521,771,592)	(521,792,921)	(521,810,392)	(521,828,992)	(521,845,492)	(521,862,992)	(521,879,992)	(521,893,992)	(521,906,992)	(521,919,992)	(521,932,992)
27113000 CAC-NY E&T Dep	(14,940,882)	(14,982,122)	(15,013,482)	(15,040,352)	(15,067,242)	(15,091,482)	(15,116,522)	(15,143,402)	(15,170,242)	(15,197,042)	(15,224,442)	(15,251,682)
27113000 CAC-NY WIP	(15,509,238)	(15,577,533)	(15,624,038)	(15,650,141)	(15,676,783)	(15,700,638)	(15,724,733)	(15,749,733)	(15,774,733)	(15,800,733)	(15,826,733)	(15,852,733)
27115000 CAC-NY Hydrants	(3,371,769)	(3,374,156)	(3,374,491)	(3,374,679)	(3,374,939)	(3,375,131)	(3,375,359)	(3,375,599)	(3,375,815)	(3,376,279)	(3,376,998)	(3,377,139)
27117000 CAC-NY WIP	(2,023,122)	(2,046,617)	(2,064,871)	(2,079,637)	(2,094,977)	(2,108,467)	(2,121,617)	(2,134,097)	(2,146,377)	(2,158,237)	(2,170,352)	(2,182,647)
27118000 CAC-NY WIP Property	(1,989,451)	(1,987,725)	(1,986,033)	(1,984,251)	(1,982,425)	(1,980,425)	(1,978,242)	(1,975,868)	(1,973,239)	(1,970,425)	(1,967,425)	(1,964,242)
27118000 CAC-NY WIP	(7,781,119)	(7,797,586)	(7,802,369)	(7,806,709)	(7,810,349)	(7,813,269)	(7,815,469)	(7,817,069)	(7,818,069)	(7,818,509)	(7,818,499)	(7,818,469)
27120000 CAC-T&M SWS	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)
27120000 CAC-T&M Meters	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)
27120000 CAC-T&M Hydrants	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)
27120000 CAC-T&M WIP	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)
	<b>(542,284,571)</b>	<b>(542,071,721)</b>	<b>(542,211,571)</b>	<b>(542,311,121)</b>	<b>(542,411,121)</b>	<b>(542,511,121)</b>	<b>(542,611,121)</b>	<b>(542,711,121)</b>	<b>(542,811,121)</b>	<b>(542,911,121)</b>	<b>(543,011,121)</b>	<b>(543,111,121)</b>



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**109.** Reference the Kentucky American Water application generally. State if Kentucky American Water utilized the proposed new depreciation rates to develop both its Base Period claim and its Test Period claim.

**Response:**

Kentucky American Water utilized the depreciation rates proposed in this case to develop its data for the future test period. The Company utilized current deprecation rates to develop its base period data.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Donald J. Petry**

**110.** Reference the Kentucky American Water application generally. Itemize all costs charged to Kentucky American Water by affiliates (including the Service Company) in each of the past three years, and as projected for the Base Period and Test Period. Provide this information by department or activity. For each year, separately identify the costs that were a) directly charged to Kentucky American Water and b) allocated to Kentucky American Water based on an allocation factor.

**Response:**

Please see attachment for the costs charged to KAW by Service Company for the past three year's activity, including the base year and test year costs.

For the costs allocated to KAW by Service Company, the table below displays the past three year's activity.

<b>Service Company costs</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Direct	\$ 2,661,389	\$ 2,293,437	\$ 2,364,034
Allocation	6,502,454	6,482,421	5,962,442
<b>Total Service Company costs</b>	<b>\$ 9,163,842</b>	<b>\$ 8,775,857</b>	<b>\$ 8,326,477</b>

For the costs charged to KAW by American Water Capital Corp. (AWCC), the table below displays the past three year's activity.

<b>G/L Account</b>	<b>Account Description</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
52526100	Credit Line Fees Interco	\$ 63,477	\$ 79,983	\$ 84,993
81015000	Interest Long Term Debt Intercompany	10,002,060	10,119,945	10,119,945
81315000	Interest Short Term Debt Intercompany	46,483	51,090	99,035



Kentucky-American Water Company  
 Response to KAW\_R\_AGDR1\_NUM110  
 For the 12 months ended December 31, 201x and other

SENDING_COST_ELEMENT	SENDING_COST_ELEMENT_DESC	Base Year			Test Year	
		2013	2014	2015	5/1/15-4/30/16	7/1/16-8/31/17
50100000	Labor Natural Account	\$3,299,488	\$3,274,165	\$3,016,219	\$3,199,703	\$3,640,245
50100001	Labor Expense Accrual	(7,796)	11,533	7,544	(109,477)	(117,012)
50109900	Labor Capitalized Credits	0	0	0	(1,233)	(1,107)
50110000	Labor Non-scheduled Overtime - Natural Account	29,299	23,516	10,959	27,872	29,517
50120000	Labor Overtime - Natural Account	93,307	62,715	75,016	42,270	44,351
50171000	Annual Incentive Plan	383,568	370,134	418,785	417,328	537,596
50171600	Compensation Exp - Options	49,298	42,554	37,143	50,427	60,362
50171800	Compensation Exp - RSU's	111,854	156,124	168,221	147,019	183,090
50185000	Severance	28,914	184,017	51,223	14,107	15,648
50421000	401k Expense	73,741	80,831	72,986	77,559	85,175
50422000	Defined Compensation Plan Expense	83,110	92,335	89,634	95,716	103,722
50423000	Employee Stock Purchase Plan Expense	9,526	8,851	9,175	8,245	8,245
50424000	DCP Restoration Expense	3,023	2,797	3,411	1,661	1,764
50425000	401k Restoration Expense	1,197	1,104	1,460	603	634
50426000	Retiree Medical Expense			(0)	2	2
50450000	Other Welfare - Natural Account	25,921	29,964	31,417	19,980	19,980
50451000	Employee Awards	8,970	7,334	6,169	7,682	7,682
50452000	Employee Physical Exams	2,241	578	1,652	1,675	1,675
50454000	Safety Incentive Awards	(20)		26	26	26
50456000	Tuition Aid	8,738	9,038	10,537	11,316	11,316
50457000	Training	35,009	25,248	32,167	32,160	32,160
50458000	Referral Bonus	230	353	35	0	0
50510000	PBOP Expense	79,190	39,551	69,195	66,998	80,577
50550000	Group Insurance Expense	509,808	481,975	435,526	439,443	473,646
50610000	Pension Expense	459,545	156,644	324,025	341,227	377,594
51110000	Waste Disposal		73		0	0
52000000	M & S (O&M) - Natural Account	2,237	(9,412)	17,672	3,296	3,296
52500000	Misc Exp (O&M) - Natural Acct	(13,918)	12,126	(38,908)	(23,023)	(23,023)
52503000	Advertising	60	215	813	(14,630)	0
52510000	Bank Service Charges - Natural Account	472	0	504	504	504
52512500	Books & Publications	196	238	1,208	1,080	1,080
52513200	Business Development	1	1	1	0	0
52514000	Charitable Contribution Deductible	391	216	203	0	0
52514100	Charitable Contribution Nondeductible	5			0	0
52514500	Charitable Donations - Health/Education/Environmnt	27	176	2,245	2,245	0
52514600	Charitable Donations - Community	4,800	4,136	2,438	1,739	0
52514902	Customer Education Communication - Third Party		81		0	0
52514905	Customer Education Communication - Printed	3,151	3,565	6,554	4,034	4,034
52514907	Customer Education - Press Releases		2,930	3,077	3,270	3,270
52514908	Customer Education - Media Editorial		9	10	10	10
52514909	Customer Education - Video & Photo	27	5	68	68	68
52514910	Customer Education - Online Development/Production	658	272		0	0
52515000	Community Relations - Events	1	170	206	73	73
52515001	Community Relations - Specialty	763	1,015	202	11	11
52520000	Collection Agencies	3		33	33	33
52522000	Community Relations	842	564	1,178	1,675	1,675
52524000	Co Dues/Membership Deductible	30,763	25,301	32,999	34,212	34,212
52525000	Condemnation Costs	0		0	0	0
52526000	Credit Line Fees		37		0	0
52526100	Credit Line Fees Interco	4,098	2,823	1,197	2,156	2,156
52527000	Directors Fees	26,971	26,837	25,711	18,252	18,252
52527100	Directors Expenses	5,503	4,037	5,345	17,329	17,329
52532000	Electricity - Natural Account	33,406	35,783	36,436	37,880	37,880
52534000	Employee Expenses	95,644	132,023	111,893	133,519	133,519
52534200	Conferences & Registration	8,449	4,506	4,050	11,784	11,784
52535000	Meals Deductible	25,884	29,573	31,682	32,238	32,238
52535100	Meals Non-Deductible	173	37	3	521	521
52540000	Amort Bus Services Proj Exp	47	1,360	6	6	6
52542000	Forms - Natural Account	(74)		11	19	19
52546000	Grounds Keeping - Natural Account	426	384	496	329	329
52548000	Heating Oil/Gas - Natural Account	1,907	1,641	652	837	837
52548100	Hiring Costs	9,069	15,867	19,441	21,998	21,998
52549000	Injuries and Damages	17,454	6,556	1,843	1,667	1,667
52550000	Janitorial - Natural Account	13,979	12,185	11,704	12,198	12,198
52554500	Lab Supplies	18,237	16,080	14,517	13,878	13,878

Kentucky-American Water Company  
 Response to KAW\_R\_AGDR1\_NUM110  
 For the 12 months ended December 31, 201x and other

SENDING_COST_ELEMENT	SENDING_COST_ELEMENT_DESC	Base Year			Test Year	
		2013	2014	2015	5/1/15-4/30/16	7/1/16-8/31/17
52556000	Lobbying Expenses	2	3	3	1	0
52562000	Office & Admin Supplies - Natural Account	19,506	18,030	19,001	21,754	21,754
52562500	Overnight Shipping - Natural Account	9,129	9,926	9,689	7,702	7,702
52564000	Penalties Nondeductible	1,240	0	12	0	0
52566000	Postage - Natural Account	9,324	8,343	5,801	9,480	9,480
52566700	Printing	224	409	541	846	846
52567000	Relocation Expenses	12,524	17,115	19,659	13,937	13,937
52568000	Research & Development	(17,287)	(13,969)	(24,992)	(30,413)	(30,413)
52571000	Security Service - Natural Account	5,672	4,230	9,302	6,373	6,373
52571100	Add'l Security Costs			36	0	0
52571500	Software Licenses	41,696	66,946	57,260	49,395	49,395
52572000	Telemetry - Source of Supply	25	128	34	0	0
52574000	Telephone - Natural Account	89,153	92,154	105,871	106,040	106,040
52574100	Cell Phone - Natural Account	19,788	20,695	15,435	21,556	21,556
52574200	Data Lines - Admin & General	79,304	83,705	90,792	99,932	99,932
52574300	Wireless - Service First - Natural Account	14	46	2	0	0
52577500	Trade Shows	42			37	37
52578000	Trash Removal - Natural Account	1,455	1,632	1,318	1,333	1,333
52579000	Trustee Fees	7			0	0
52582000	Uniforms - Natural Account	161	159	211	160	160
52583000	Water & WW - Natural Account	26		90	19	19
52599800	PCard Undistributed	3			0	0
53110000	Contract Svc-Eng - Natural Account	(1,267)	935	1,491	897	5,941
53150000	Contract Svc-Other - Natural Account	643,638	608,033	487,223	467,074	429,943
53151000	Contract Svc-Temp Empl - Natural Account	351,477	80,761	77,443	88,237	69,379
53152000	Contract Svc-Lab Testing - Water Treatment	(11,412)	(15,507)	(13,403)	(13,513)	(13,513)
53153000	Contract Services - Accounting	428	1	3,049	2,991	2,991
53154000	Contract Services - Audit Fees	10,554	9,429	9,027	8,861	8,861
53155000	Contract Services - Legal	37,597	60,033	125,003	88,121	88,121
53156000	Contract Services - Litigation	(850)			0	0
53157000	Contract Services - Outplacement	3,544	912	4,723	931	0
53158000	Contract Services - BT Related Incr Ext Costs	186,266	31,709	5,289	(1,150)	0
54110000	Rents-Real Property - Natural Account	193,603	182,288	164,138	164,435	164,435
54115000	Rents-Real Property Interco	83,952	80,626	82,555	79,897	79,897
54140000	Rents-Equipment - Natural Account	11,987	11,879	8,183	8,073	8,073
55000000	Transportation (O&M) - Natural Account	231	54	167	25	25
55010100	Transportation Lease Costs	7,778	3,556	6,067	6,195	6,195
55010200	Transportation Lease Fuel	4,510	3,520	3,628	3,836	3,836
55010300	Transportation Lease Maint	1,868	1,688	2,182	1,343	1,343
55010500	Transportation - Reimburse Employee Personal Use	3,938	3,822	5,828	5,035	5,035
55110000	Insurance Vehicle	3,952	6,388	1,580	1,980	1,980
55115000	Insurance Vehicle - Intercompany			(4)	376	376
55710000	Insurance General Liability	14,209	24,864	43,690	24,663	24,663
55715000	Insurance General Liability - Intercompany			(39)	4,044	23,092
55720000	Insurance Workers Compensation	12,557	15,310	46,825	30,380	30,380
55720100	Insurance WC Capitalized Credits	160			0	0
55725000	Insurance Workers Compensation - Intercompany			(115)	11,941	11,941
55730000	Insurance Other	43,558	50,097	42,485	48,173	48,173
55735000	Insurance Other - Intercompany			2,000	0	0
57010000	Uncollectible Accounts Exp - Natural Account	(443)	491	282	302	302
59011000	Gains/Losses Non-Utility Property Disposals	750	922	(2,957)	188	188
62502600	Misc Maint - Admin & General	327,461	324,404	304,901	287,482	268,879
68011200	Depreciation Exp - Non-Utility Property	958,027	1,150,756	1,021,989	917,672	681,884
68255000	Amortization - UPAA		0		0	0
68520000	Property Taxes	5,007	3,347	4,077	4,435	7,465
68520100	Tax Discounts	(74)	(47)	(40)	(6)	(6)
68532000	FUTA	671	2,317	2,744	2,437	2,579
68533000	FICA	266,524	267,721	251,150	262,666	281,697
68535000	SUTA	39,217	32,297	27,020	30,203	31,879
68543000	Other Taxes and Licenses	7,650	18,629	23,387	26,291	26,291
69011000	FIT - Current	(5,614)	171,001	(108,867)	(52,546)	(52,546)
69012000	FIT - Prior Year Adjustment	14,707	139,218	(88,309)	(88,284)	(88,284)
69021000	SIT - Current		1,353		0	0
69022000	SIT - Prior Year Adjustment	1,452	3,100	71	0	0
69062000	Deferred FIT - Prior Year Adjustment	(16,595)	(141,613)	84,679	89,386	89,386

Kentucky-American Water Company  
 Response to KAW\_R\_AGDR1\_NUM110  
 For the 12 months ended December 31, 201x and other

SENDING_COST_ELEMENT	SENDING_COST_ELEMENT_DESC	2013	2014	2015	Base Year	Test Year
					5/1/15-4/30/16	7/1/16-8/31/17
69065000	Deferred FIT - Other	17,657	(157,308)	115,011	55,602	55,602
69072000	Deferred SIT - Prior Year Adjustment	2,180	5,796	13,450	0	0
69073500	Deferred SIT - Other	2,349	1,173	971	501	501
71712000	Gains/Losses Other Non-Operating	32,310	6,069	4,574	(10,993)	(10,993)
75815000	Donations Non-deductible	519	535	382	538	0
75840000	Lobbying Expenses		34		0	0
81035000	Interest Capital Lease Intercompany	54,426	82,854	86,657	84,814	72,878
81315000	Interest Short Term Debt Intercompany	499	90		0	0
81500000	Interest Other		(100)		0	0
81815000	Interest income-LTD intercompany	0			0	0
81815100	Interest Income - STD Intercompany	(498)	(1,610)	(3,505)	(1,617)	(1,617)
82016000	Amortize Debt Exp Inside-Revolver Credit Line	1,561	1,707	1,713	857	857
<b>Grand Total</b>		<b>\$9,163,842</b>	<b>\$8,775,857</b>	<b>\$8,326,477</b>	<b>\$8,162,441</b>	<b>\$8,603,000</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**111.** Reference the Kentucky American Water application generally. Provide the following:

- a. identify all non-regulated services provided by Kentucky American Water in each of the past three years, as well as for the Base Period and Test Period
- b. identify all costs associated with the provision of these non-regulated services, and
- c. state how such costs are reflected in the Company's filing.

**Response:**

- a. Kentucky American has not provided any non-regulated services in the past three years, in the Base Period, nor does it project any in the Forecasted Period. Kentucky American did provide a water treatment plant operator to the City of Millersburg beginning in October 2013 to assist them in an emergency situation. It ended up extending through August 2014 prior to the acquisition of this system under a contract operation arrangement that reimbursed Kentucky American for the additional expense.
- b. Please refer to part a.
- c. Please refer to part a.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 112.** Reference the Kentucky American Water application generally. Regarding the property tax adjustment discussed on pages 24-25 of Ms. Bridwell's testimony, provide the underlying calculations and workpapers used to develop her property tax expense of \$5,440,027. Include the excel file(s) supporting the Company's claim.

**Response:**

The support which provides underlying calculations and workpapers used to develop the property tax expense of \$5,440,027 in excel can be found in WP 5-1 Property Tax in the General Tax Exhibit.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 113.** Reference the Kentucky American Water application generally. Provide, for each of the past five years as well as for the Base Period and Test Period:
- a.      the total assessed property value,
  - b.      the average property tax rate,
  - c.      the total property taxes paid, and
  - d.      any refunds of taxes paid.

**Response:**

Please see the attachment which provides total assessed property value, average property tax rate, total property taxes paid and refunds of taxes paid for the past five years.

**KENTUCKY AMERICAN WATER ASSESSMENT & TAXES**

City/County	2011 Tax Bills						
	Real	Rate	Amount	Personal	Rate	Amount	Total Tax
<b>Bourbon County</b>							<b>25,183.56</b>
County	2,846,935	0.1290	3,672.55	184,655	0.1290	238.20	3,910.75
School	2,846,935	0.5550	15,800.49	184,655	0.5550	1,024.84	16,825.33
Library	2,846,935	0.0780	2,220.61	184,655	0.1178	217.52	2,438.13
Health	2,846,935	0.0370	1,053.37	184,655	0.0370	68.32	1,121.69
Ag. Extension	2,846,935	0.0220	626.33	184,655	0.0336	62.04	688.37
Soil Conservation	2,846,935	0.0070	199.29	184,655	0.0000	0.00	199.29
<b>Clark County</b>							<b>20,788.70</b>
County	1,822,527	0.0880	1,603.82	926,689	0.1096	1,015.65	2,619.48
School	1,822,527	0.5120	9,331.34	926,689	0.5120	4,744.65	14,075.99
Ext	1,822,527	0.0240	437.41	926,689	0.0374	346.58	783.99
Health	1,822,527	0.0400	729.01	926,689	0.0400	370.68	1,099.69
Library	1,822,527	0.0680	1,239.32	926,689	0.1047	970.24	2,209.56
<b>City of Winchester (Clark County)</b>	55,091	0.14600	80.43	0	0.15630	0.00	<b>80.43</b>
<b>Fayette County</b>							<b>1,605,635.23</b>
County	133,219,990	0.0800	106,575.99	49,999,510	0.0990	49,499.51	156,075.50
School	133,219,990	0.6520	868,594.33	49,999,510	0.5430	271,497.34	1,140,091.67
Ext	133,219,990	0.0032	4,263.04	49,999,510	0.0035	1,749.98	6,013.02
Soil/Water	133,219,990	0.0004	532.88	49,999,510		0.00	532.88
Health	133,219,990	0.0280	37,301.60	49,999,510	0.0280	13,999.86	51,301.46
Lextran	133,219,990	0.0600	79,931.99	49,999,510	0.0600	29,999.71	109,931.70
Full Svc	54,480,829	0.1735	94,524.24	49,999,510			94,524.24
Partial Svc	78,739,161	0.0599	47,164.76	0	0.0599	0.00	47,164.76
<b>Franklin County</b>							<b>510,025.12</b>
County							
Ext. Svc (COOP)	56,071,708	1.3000	7,289.32	1,873,578	2.4400	457.15	7,746.48
General	56,071,708	15.7000	88,032.58	1,873,578	24.0000	4,496.59	92,529.17
Health	56,071,708	4.0000	22,428.68	1,873,578	4.0000	749.43	23,178.11
Library	56,071,708	8.7000	48,782.39	1,873,578	13.0000	2,435.65	51,218.04
Soil Conservation	56,071,708	0.8000	4,485.74	1,873,578	0.0000	0.00	4,485.74
School	56,071,708	57.1000	320,169.45	1,873,578	57.1000	10,698.13	330,867.58
City							
Frankfort	0	19.9000	0.00	0	19.9000	0.00	0.00
<b>Gallatin County</b>							<b>4,933.60</b>
County	42,249	0.6660	281.38	417,199	0.6660	2,778.55	3,059.92
School	42,249	0.0890	37.60	417,199	0.1630	680.03	717.64
Health	42,249	0.0550	23.24	417,199	0.0550	229.46	252.70
Library	42,249	0.1160	49.01	417,199	0.1371	571.98	620.99
Ext	42,249	0.0540	22.81	417,199	0.0613	255.74	278.55
Soil Conservation	42,249	0.0090	3.80	417,199	0.0000	0.00	3.80
<b>City of Glencoe (Gallatin County)</b>	4,614	0.0023	10.61	149,707	0.0023	344.33	<b>354.94</b>
<b>City of Sparta (Gallatin County)</b>	1,259	0.0023	2.90	0	0.0000	0.00	<b>0.00</b>
<b>Grant County</b>							<b>2,201.07</b>
Grant County	226,395	0.1440	326.01	35,225	0.1440	50.72	376.73
County School	226,395	0.5250	1,188.57	35,225	0.5250	184.93	1,373.51
Williamstown School		0.8910	0.00		0.8910	0.00	0.00
Library	226,395	0.074	167.53	35,225	0.1356	47.77	215.30
Health	226,395	0.0280	63.39	35,225	0.0280	9.86	73.25
Extension Service	226,395	0.0350	79.24	35,225	0.0675	23.78	103.02
Soil Conservation	226,395	0.0100	22.64	35,225		0.00	22.64
Mental Health	226,395	0.0140	31.70	35,225	0.0140	4.93	36.63
<b>Harrison County</b>							<b>4,743.54</b>
County	614,989	0.0990	608.84	9,783	0.1290	12.62	621.46
School	614,989	0.4120	2,533.75	9,783	0.4120	40.31	2,574.06
Library	614,989	0.07	430.49	9,783	0.1445	14.14	444.63
Health	614,989	0.0600	368.99	9,783	0.0600	5.87	374.86
Extension Service	614,989	0.0450	276.75	9,783	0.0928	9.08	285.82
Soil Conservation	614,989	0.0090	55.35	9,783	0.0000	0.00	55.35
Fire	614,989	0.0620	381.29	9,783	0.0620	6.07	387.36
<b>Jessamine County</b>							<b>55,831.19</b>
County	6,140,989	0.0640	3,930.23	128,575	0.1600	205.72	4,135.95
School	6,140,989	0.6290	38,626.82	128,575	0.6290	808.74	39,435.56
Health	6,140,989	0.0190	1,166.79	128,575	0.0230	29.57	1,196.36
Library	6,140,989	0.076	4,667.15	128,575	0.2000	257.15	4,924.30
Fire	6,140,989	0.0520	3,193.31	128,575	0.0480	61.72	3,255.03
N.Fire	6,140,989	0.0460	2,824.85	128,575	0.0460	59.14	2,883.99
<b>Ag Ext</b>							

**KENTUCKY AMERICAN WATER ASSESSMENT & TAXES**

City/County	2011 Tax Bills						
	Real	Rate	Amount	Personal	Rate	Amount	Total Tax
<b>Owen County</b>							<b>614,579.47</b>
Extension Service	58,167,014	0.0410	23,848.48	7,953,971	0.0816	6,490.44	30,338.92
General	58,167,014	0.1180	68,637.08	7,953,914	0.1420	11,294.64	79,931.73
Health	58,167,014	0.0560	32,574.53	7,953,914	0.0560	4,454.22	37,028.75
Library	58,167,014	0.1150	66,892.07	7,953,914	0.2000	15,907.94	82,800.01
Soil Conservation	58,167,014	0.0160	9,306.72	7,953,914	0.0000	0.00	9,306.72
School	58,167,014	0.5650	328,643.63	7,953,914	0.5850	46,530.73	375,174.35
<b>City of Monterey(Owen County)</b>	330,422	0.149	492.33	16511	0	0	<b>492.33</b>
<b>City of Owenton(Owen County)</b>	6781488	0	0	2,099,703	0.00292	6,131.13	<b>6,131.13</b>
<b>City of Sparta(Owen County)</b>	1259	0.0023	2.90	29,722	0.00230	68.36	<b>71.26</b>
<b>Scott County</b>							<b>299,069.91</b>
County	45,736,172	0.0670	30,643.24	3,343,709	0.1176	3,932.20	34,575.44
Ext	45,736,172	0.0170	7,775.15	3,343,709	0.0303	1,013.14	8,788.29
Health	45,736,172	0.0220	10,061.96	3,343,709	0.0220	735.62	10,797.57
Library	45,736,172	0.0660	30,185.87	3,343,709	0.0660	2,206.85	32,392.72
School	45,736,172	0.4330	198,037.62	3,343,709	0.4330	14,478.26	212,515.88
<b>City of Georgetown</b>	3,547,435	0.062	2,199.40	2,262,418	0.15800	3,574.62	<b>5,774.02</b>
<b>City of Sadleville</b>	201,537	0.001	282.15	17,556	0.00030	5.26	<b>287.41</b>
<b>City of Stamping Ground</b>	1003	0.003	3.02	0	0.00030	0.00	<b>3.02</b>
<b>Woodford County</b>							<b>7,247.43</b>
School	894,351	0.5490	4,909.99	52,955	0.5490	290.73	5,200.72
County	894,351	0.0700	626.05	52,955	0.0700	37.07	663.11
Fire Dept	894,351	0.0410	366.68	52,955	0.0410	21.71	388.40
Library	894,351	0.0680	608.16	52,955	0.0680	36.01	644.17
Health Dept	894,351	0.0200	178.87	52,955	0.0200	10.59	189.46
Ext. Service	894,351	0.0170	152.04	52,955	0.0180	9.53	161.57
<b>Assessment</b>	<u>305,783,319</u>			<u>64,925,849</u>			

		2011
County/City Liability	Tax Bills	<b>3,163,362.10</b>
State Liability	Tax Bill	<b>778,758.98</b>
		<b>3,942,121.08</b>

Notes:

**KENTUCKY AMERICAN WATER ASSESSMENT & TAXES**

City/County	2011 Tax Bills						
	Real	Rate	Amount	Personal	Rate	Amount	Total Tax
<b>Bourbon County</b>							(93,813)
County	10,870,254	-0.1295	(14,077)	(1,309,883)	-0.1997	2,615.44	(11,461)
School	10,624,727	-0.1580	(16,782)	(1,432,636)	-0.2340	3,352.60	(13,430)
Library	10,379,200	-0.1864	(19,348)	(1,555,388)	-0.2684	4,174.08	(15,174)
Health	10,133,673	-0.2149	(21,774)	(1,678,141)	-0.3027	5,079.88	(16,694)
Ag. Extension	9,888,147	-0.2433	(24,061)	(1,800,894)	-0.3371	6,070.00	(17,991)
Soil Conservation	9,642,620	-0.2718	(26,207)	(1,923,646)	-0.3714	7,144.45	(19,063)
<b>Clark County</b>	9,397,093	-0.30024		(2,046,399)	-0.4057		(104,435)
County	9,151,566	-0.3287	(30,081)	(2,169,151)	-0.4401	9,546.30	(20,535)
School	8,906,039	-0.3572	(31,809)	(2,291,904)	-0.4744	10,873.72	(20,935)
Ext	8,660,512	-0.3856	(33,397)	(2,414,657)	-0.5088	12,285.45	(21,111)
Health	8,414,985	-0.4141	(34,844)	(2,537,409)	-0.5431	13,781.50	(21,063)
Library	8,169,458	-0.4425	(36,153)	(2,660,162)	-0.5775	15,361.88	(20,791)
	7,923,931	-0.4710		(2,782,914)	-0.6118		
<b>City of Winchester (Clark County)</b>	7,678,404	-0.49945	(38,350)	(2,905,667)	-0.64617	18,775.60	(19,574)
	7,432,877	-0.5279		(3,028,420)	-0.6805		
	7,187,350	-0.5564		(3,151,172)	-0.7149		
<b>Fayette County</b>	6,941,823	-0.58482		(3,273,925)	-0.7492		(92,436)
County	6,696,297	-0.6133	(41,067)	(3,396,677)	-0.7836	26,614.91	(14,452)
School	6,450,770	-0.6417	(41,397)	(3,519,430)	-0.8179	28,785.54	(12,612)
Ext	6,205,243	-0.6702	(41,587)	(3,642,182)	-0.8522	31,040.49	(10,547)
Soil/Water	5,959,716	-0.6987	(41,638)	(3,764,935)	-0.8866	33,379.77	(8,258)
Health	5,714,189	-0.7271	(41,549)	(3,887,688)	-0.9209	35,803.37	(5,745)
Lextran	5,468,662	-0.7556	(41,320)	(4,010,440)	-0.9553	38,311.28	(3,008)
Full Svc	5,223,135	-0.7840	(40,951)	(4,133,193)	-0.9896		(40,951)
Partial Svc	4,977,608	-0.8125	(40,442)	(4,255,945)	-1.0240	43,580.09	3,138
<b>Franklin County</b>	4,732,081	-0.84095		(4,378,698)	-1.0583		
County	4,486,554	-0.8694		(4,501,451)	-1.0927		1,972
Ext. Svc (COOP)	4,241,027	-0.8979	(381)	(4,624,203)	-1.1270	521.16	140
General	3,995,500	-0.9263	(370)	(4,746,956)	-1.1614	551.30	181
Health	3,749,974	-0.9548	(358)	(4,869,708)	-1.1957	582.28	224
Library	3,504,447	-0.9832	(345)	(4,992,461)	-1.2301	614.10	270
Soil Conservation	3,258,920	-1.0117	(330)	(5,115,214)	-1.2644	646.77	317
School	3,013,393	-1.0402	(313)	(5,237,966)	-1.2988	680.28	367
City	2,767,866	-1.06861		(5,360,719)	-1.3331		
Frankfort	2,522,339	-1.0971	(277)	(5,483,471)	-1.3674	749.83	473
<b>Gallatin County</b>	2,276,812	-1.12553		(5,606,224)	-1.4018		448,961
County	2,031,285	-1.1540	(23,441)	(5,728,976)	-1.4361	82,275.96	58,835
School	1,785,758	-1.1824	(21,116)	(5,851,729)	-1.4705	86,048.71	64,933
Health	1,540,231	-1.2109	(18,651)	(5,974,482)	-1.5048	89,905.79	71,255
Library	1,294,704	-1.2394	(16,046)	(6,097,234)	-1.5392	93,847.18	77,801
Ext	1,049,177	-1.2678	(13,302)	(6,219,987)	-1.5735	97,872.89	84,571
Soil Conservation	803,651	-1.2963	(10,418)	(6,342,739)	-1.6079	101,982.93	91,565
	558,124	-1.3247		(6,465,492)	-1.6422		



**KENTUCKY AMERICAN WATER ASSESSMENT & TAXES**

City/County	2011 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>City of Glencoe(Gallatin County)</b>	312,597	-1.3532	(423,003)	(6,588,245)	-1.6766	11,045,597.11	10,622,594
	67,070	-1.3816		(6,710,997)	-1.7109		
<b>City of Sparta(Gallatin County)</b>	(178,457)	-1.4101	251,644	(6,833,750)	-1.7453	0.00	0
	(423,984)	-1.4386		(6,956,502)	-1.7796		
<b>Grant County</b>	(669,511)	-1.46702		(7,079,255)	-1.8139		1,432,962
Grant County	(915,038)	-1.4955	13,684	(7,202,008)	-1.8483	133,114.21	146,798
County School	(1,160,565)	-1.5239	17,686	(7,324,760)	-1.8826	137,898.82	155,585
Williamstown School	(1,406,092)	-1.5524	21,828	(7,447,513)	-1.9170	142,767.76	164,596
Library	(1,651,619)	-1.58085	26,110	(7,570,265)	-1.9513	147,721.01	173,831
Health	(1,897,146)	-1.6093	30,531	(7,693,018)	-1.9857	152,758.59	183,290
Extension Service	(2,142,673)	-1.6378	35,092	(7,815,771)	-2.0200	157,880.49	192,973
Soil Conservation	(2,388,199)	-1.6662	39,793	(7,938,523)	-2.0544	163,086.72	202,880
Mental Health	(2,633,726)	-1.6947	44,633	(8,061,276)	-2.0887	168,377.26	213,011
	(2,879,253)	-1.72314		(8,184,028)	-2.1231		
<b>Harrison County</b>	(3,124,780)	-1.7516		(8,306,781)	-2.1574		1,952,655
County	(3,370,307)	-1.7801	59,993	(8,429,533)	-2.1918	184,754.83	244,748
School	(3,615,834)	-1.8085	65,393	(8,552,286)	-2.2261	190,382.66	255,776
Library	(3,861,361)	-1.83698	70,932	(8,675,039)	-2.2604	196,094.82	267,027
Health	(4,106,888)	-1.8654	76,611	(8,797,791)	-2.2948	201,891.29	278,503
Extension Service	(4,352,415)	-1.8939	82,430	(8,920,544)	-2.3291	207,772.09	290,202
Soil Conservation	(4,597,942)	-1.9224	88,389	(9,043,296)	-2.3635	213,737.21	302,126
Fire	(4,843,469)	-1.9508	94,487	(9,166,049)	-2.3978	219,786.66	314,273
	(5,088,996)	-1.97927		(9,288,802)	-2.4322		
	(5,334,522)	-2.00772		(9,411,554)	-2.4665		
<b>Jessamine County</b>	(5,580,049)	-2.0362	113,620	(9,534,307)	-2.5009	238,440.92	352,061
School	(5,825,576)	-2.0646	120,277	(9,657,059)	-2.5352	244,827.65	365,105
Health	(6,071,103)	-2.0931	127,074	(9,779,812)	-2.5696	251,298.70	378,373
Library	(6,316,630)	-2.12156	134,011	(9,902,565)	-2.6039	257,854.08	391,865
Fire	(6,562,157)	-2.1500	141,087	(10,025,317)	-2.6383	264,493.77	405,581
N.Fire	(6,807,684)	-2.1785	148,304	(10,148,070)	-2.6726	271,217.79	419,521
<b>Ag Ext</b>	(7,053,211)	-2.2069		(10,270,822)	-2.7070		
	(7,298,738)	-2.23539		(10,393,575)	-2.7413		
	(7,544,265)	-2.26385		(10,516,328)	-2.7756		3,095,522
<b>Owen County</b>	(7,789,792)	-2.2923	178,566	(10,639,080)	-2.8100	298,957.05	477,523
Extension Service	(8,035,319)	-2.3208	186,480	(10,761,833)	-2.8443	306,102.70	492,583
General	(8,280,845)	-2.3492	194,536	(10,884,585)	-2.8787	313,332.70	507,869
Health	(8,526,372)	-2.3777	202,729	(11,007,338)	-2.9130	320,646.95	523,376
Library	(8,771,899)	-2.4061	211,064	(11,130,090)	-2.9474	328,045.54	539,109
Soil Conservation	(9,017,426)	-2.4346	219,535	(11,252,843)	-2.9817	335,528.46	555,064
School	(9,262,953)	-2.46305		(11,375,596)	-3.0161		
<b>City of Monterey(Owen County)</b>	(9,508,480)	-2.492	236,905	(11,498,348)	-3.0504	0	236,905
	(9,754,007)	-2.51997		(11,621,101)	-3.0848		
<b>City of Owenton(Owen County)</b>	(9,999,534)	-2.54843	0	(11,743,853)	-3.1191	36,630,334.21	36,630,334
	(10,245,061)	-2.57688		(11,866,606)	-3.1535		
<b>City of Sparta(Owen County)</b>	(10,490,588)	-2.60534	27,331,571	(11,989,359)	-3.1878	38,219,671.79	65,551,243
	(10,736,115)	-2.6338		(12,112,111)	-3.2221		
<b>Scott County</b>	(10,981,642)	-2.66226		(12,234,864)	-3.2565		3,728,018
County	(11,227,168)	-2.6907	302,091	(12,357,616)	-3.2908	406,669.20	708,760
Ext	(11,472,695)	-2.7192	311,963	(12,480,369)	-3.3252	414,995.33	726,958
Health	(11,718,222)	-2.7476	321,974	(12,603,122)	-3.3595	423,405.79	745,379
Library	(11,963,749)	-2.7761	332,124	(12,725,874)	-3.3939	431,900.57	764,025
School	(12,209,276)	-2.8045	342,415	(12,848,627)	-3.4282	440,479.68	782,895
	(12,454,803)	-2.83301		(12,971,379)	-3.4626		
<b>City of Georgetown</b>	(12,700,330)	-2.861	363,415	(13,094,132)	-3.4969	457,890.85	821,306
	(12,945,857)	-2.88992		(13,216,885)	-3.5313		
<b>City of Sadleville</b>	(13,191,384)	-2.918	38,497,473	(13,339,637)	-3.5656	47,563,930.77	86,061,404
	(13,436,911)	-2.94684		(13,462,390)	-3.6000		
<b>City of Stamping Ground</b>	(13,682,438)	-2.975	40,709,305	(13,585,142)	-3.6343	49,372,505.56	90,081,810
	(13,927,965)	-3.00375		(13,707,895)	-3.6686		
<b>Woodford County</b>	(14,173,492)	-3.03221		(13,830,647)	-3.7030		6,097,964
School	(14,419,018)	-3.0607	441,319	(13,953,400)	-3.7373	521,486.10	962,805
County	(14,664,545)	-3.0891	453,007	(14,076,153)	-3.7717	530,908.41	983,915
Fire Dept	(14,910,072)	-3.1176	464,834	(14,198,905)	-3.8060	540,415.06	1,005,249
Library	(15,155,599)	-3.1460	476,802	(14,321,658)	-3.8404	550,006.03	1,026,808
Health Dept	(15,401,126)	-3.1745	488,909	(14,444,410)	-3.8747	559,681.32	1,048,590
Ext. Service	(15,646,653)	-3.2030	501,156	(14,567,163)	-3.9091	569,440.93	1,070,597
<b>Assessment</b>	<u>(10,310,944)</u>		<u>(79,344,836)</u>				
							<b>2011</b>
County/City Liability						Tax Bills	<b>243,214,657.31</b>
State Liability						Tax Bill	<b>778,759.98</b>
							<b>243,993,417.29</b>

Notes:

**KENTUCKY AMERICAN WATER**

City/County	2012 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Bourbon County</b>							<b>25,398.16</b>
County	2,803,661	0.1290	3,616.71	229,112	0.1290	295.55	3,912.27
School	2,803,661	0.5540	15,532.28	229,112	0.5550	1,271.57	16,803.85
Library	2,803,661	0.0820	2,299.00	229,112	0.1319	302.20	2,601.20
Health	2,803,661	0.0370	1,037.34	229,112	0.0370	84.77	1,122.12
Ag. Extension	2,803,661	0.0240	672.88	229,112	0.0391	89.58	762.46
Soil Conservation	2,803,661	0.0070	196.26	229,112	0.0000	0.00	196.26
<b>Clark County</b>							<b>22,731.40</b>
County	1,825,146	0.0880	1,606.13	1,078,288	0.1044	1,125.73	2,731.86
School	1,825,146	0.5360	9,782.78	1,078,288	0.5360	5,779.62	15,562.41
Ext	1,825,146	0.0250	456.29	1,078,288	0.0371	400.04	856.33
Health	1,825,146	0.0400	730.06	1,078,288	0.0400	431.32	1,161.37
Library	1,825,146	0.0710	1,295.85	1,078,288	0.1042	1,123.58	2,419.43
<b>City of Winchester (Clark County)</b>	55,250	0.14600	80.67	0	0.15630	0.00	<b>80.67</b>
<b>Fayette County</b>							<b>1,744,576.43</b>
County	139,775,852	0.0800	111,820.67	60,154,944	0.0990	59,553.39	171,374.07
School	139,775,852	0.6740	942,089.25	60,154,944	0.5430	326,641.35	1,268,730.59
Ext	139,775,852	0.0033	4,612.59	60,154,944	0.0035	2,105.42	6,718.02
Soil/Water	139,775,852	0.0004	559.10	60,154,944		0.00	559.10
Health	139,775,852	0.0280	39,137.24	60,154,944	0.0280	16,843.38	55,980.62
Lextran	139,775,852	0.0600	83,865.51	60,154,944	0.0600	36,092.97	119,958.48
Full Svc	69,887,926	0.1735	121,255.55	26,066,264		0.00	121,255.55
Partial Svc	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Franklin County</b>							<b>525,591.96</b>
County							8,354.55
Ext. Svc (COOP)	54,756,647	1.4000	7,665.93	2,648,542	2.6000	688.62	96,704.97
General	54,756,647	16.5000	90,348.47	2,648,542	24.0000	6,356.50	22,962.08
Health	54,756,647	4.0000	21,902.66	2,648,542	4.0000	1,059.42	50,507.34
Library	54,756,647	8.6000	47,090.72	2,648,542	12.9000	3,416.62	4,928.10
Soil Conservation	54,756,647	0.9000	4,928.10	2,648,542	0.0000	0.00	342,134.93
School	54,756,647	59.6000	326,349.62	2,648,542	59.6000	15,785.31	0.00
City							0.00
Frankfort	0	19.9000	0.00	0	19.9000	0.00	<b>5,064.82</b>
<b>Gallatin County</b>							<b>5,064.82</b>
County	46,681	0.0890	41.55	421,136	0.1630	686.45	728.00
School	46,681	0.6750	315.10	421,136	0.6750	2,842.67	3,157.76
Health	46,681	0.0550	25.67	421,136	0.0550	231.62	257.30
Library	46,681	0.1160	54.15	421,136	0.1371	577.38	631.53
Ext	46,681	0.0570	26.61	421,136	0.0616	259.42	286.03
Soil Conservation	46,681	0.0090	4.20	421,136	0.0000	0.00	4.20
<b>City of Glencoe (Gallatin County)</b>	4,542	0.0023	10.45	150,140	0.0023	345.32	<b>355.77</b>
<b>City of Sparta (Gallatin County)</b>	1,239	0.0023	2.85	0	0.0000	0.00	<b>0.00</b>
<b>Grant County</b>							<b>2,178.95</b>
Grant County	217,807	0.1450	315.82	35,678	0.1450	51.73	367.55
County School	217,807	0.5290	1,152.20	35,678	0.5290	188.74	1,340.94
Williamstown School		0.8840	0.00		0.8840	0.00	0.00
Library	217,807	0.081	176.42	35,678	0.1476	52.66	229.08
Health	217,807	0.0280	60.99	35,678	0.0280	9.99	70.98
Extension Service	217,807	0.0380	82.77	35,678	0.0780	27.83	110.60
Soil Conservation	217,807	0.0100	21.78	35,678		0.00	21.78
Mental Health	217,807	0.0150	32.67	35,678	0.0150	5.35	38.02
<b>Harrison County</b>							<b>4,766.99</b>
County	604,330	0.1020	616.42	9,094	0.1290	11.73	628.15
School	604,330	0.4300	2,598.62	9,094	0.4300	39.10	2,637.72
Library	604,330	0.0700	423.03	9,094	0.1445	13.14	436.17
Health	604,330	0.0500	302.17	9,094	0.0500	4.55	306.71
Extension Service	604,330	0.0500	302.17	9,094	0.1009	9.18	311.34
Soil Conservation	604,330	0.0100	60.43	9,094	0.0000	0.00	60.43
Fire	604,330	0.0630	380.73	9,094	0.0630	5.73	386.46
<b>Jessamine County</b>							<b>55,660.66</b>
County	5,994,966	0.0640	3,836.78	189,581	0.1600	303.33	4,140.11
School	5,994,966	0.6290	37,708.34	189,581	0.6290	1,192.46	38,900.80
Health	5,994,966	0.0190	1,139.03	189,581	0.0230	43.60	1,182.64
Library	5,994,966	0.084	5,035.77	189,581	0.1836	348.07	5,383.84
Fire	5,994,966	0.0520	3,117.38	189,581	0.0480	91.00	3,208.38
N.Fire	5,994,966	0.0460	2,757.68	189,581	0.0460	87.21	2,844.89
<b>Ag Ext</b>							

**KENTUCKY AMERICAN WA**

City/County	2012 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Owen County</b>							<b>636,308.47</b>
Extension Service	57,925,922	0.0410	23,749.63	8,374,953	0.0816	6,833.96	30,583.59
General	57,925,922	0.1210	70,090.37	8,374,953	0.1370	11,473.69	81,564.05
Health	57,925,922	0.0560	32,438.52	8,374,953	0.0560	4,689.97	37,128.49
Library	57,925,922	0.1240	71,828.14	8,374,953	0.2000	16,749.91	88,578.06
Soil Conservation	57,925,922	0.0160	9,268.15	8,374,953	0.0000	0.00	9,268.15
School	57,925,922	0.5870	340,025.16	8,374,953	0.5870	49,160.97	389,186.14
<b>City of Monterey(Owen County)</b>	328,459	0.1580	518.97	16,559	0.0000	0.00	<b>518.97</b>
<b>City of Owenton(Owen County)</b>	6,775,804	0	0	2,052,150	0.00273	5,602.37	<b>5,602.37</b>
<b>City of Sparta(Owen County)</b>	1239	0.0023	2.85	29,807	0.0023	68.56	<b>71.41</b>
<b>Scott County</b>							<b>305,938.42</b>
County	44,810,945	0.0670	30,023.33	3,825,865	0.1176	4,499.22	34,522.55
Ext	44,810,945	0.0170	7,617.86	3,825,865	0.0303	1,159.24	8,777.10
Health	44,810,945	0.0220	9,858.41	3,825,865	0.0220	841.69	10,700.10
Library	44,810,945	0.0650	29,127.11	3,825,865	0.0650	2,486.81	31,613.93
School	44,810,945	0.4530	202,993.58	3,825,865	0.4530	17,331.17	220,324.75
<b>City of Georgetown</b>	3,360,322	0.065	2,184.21	2,559,893	0.17370	4,446.54	<b>6,630.75</b>
<b>City of Sadleville</b>	197,604	0.001	276.65	42,760	0.00070	29.93	<b>306.58</b>
<b>City of Stamping Ground</b>	1006	0.001	1.48	0	0.00000	0.00	<b>1.48</b>
<b>Woodford County</b>							<b>7,543.38</b>
School	876,714	0.5950	5,216.44	51,069	0.5950	303.86	5,520.30
County	876,714	0.0700	613.70	51,069	0.0700	35.75	649.45
Fire Dept	876,714	0.0430	376.99	51,069	0.0430	21.96	398.95
Library	876,714	0.0680	596.17	51,069	0.0680	34.73	630.89
Health Dept	876,714	0.0200	175.34	51,069	0.0200	10.21	185.56
Ext. Service	876,714	0.0170	149.04	51,069	0.0180	9.19	158.23
<b>Assessment</b>	<u>309,638,671</u>			<u>77,018,262</u>			

		2012
County/Ci Tax Bills		<b>3,349,256.21</b>
State Liab Tax Bill		<b>834,355.96</b>
		<b>4,183,612.17</b>

Notes:

**KENTUCKY AMERICAN WA**

City/County	2012 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Bourbon County</b>							(88,870)
County	10,669,926	-0.1330	(14,192)	(1,596,651)	-0.2014	3,215.23	(10,977)
School	10,429,804	-0.1623	(16,930)	(1,735,398)	-0.2364	4,102.03	(12,828)
Library	10,189,683	-0.1916	(19,527)	(1,874,145)	-0.2714	5,085.96	(14,441)
Health	9,949,561	-0.2210	(21,984)	(2,012,892)	-0.3064	6,167.01	(15,817)
Ag. Extension	9,709,439	-0.2503	(24,299)	(2,151,639)	-0.3414	7,345.19	(16,954)
Soil Conservation	9,469,318	-0.2796	(26,474)	(2,290,386)	-0.3764	8,620.50	(17,854)
<b>Clark County</b>	9,229,196	-0.30889		(2,429,133)	-0.4114		(94,176)
County	8,989,074	-0.3382	(30,402)	(2,567,880)	-0.4464	11,462.48	(18,939)
School	8,748,953	-0.3675	(32,154)	(2,706,626)	-0.4814	13,029.15	(19,125)
Ext	8,508,831	-0.3968	(33,766)	(2,845,373)	-0.5164	14,692.96	(19,073)
Health	8,268,710	-0.4261	(35,237)	(2,984,120)	-0.5514	16,453.89	(18,783)
Library	8,028,588	-0.4555	(36,567)	(3,122,867)	-0.5864	18,311.94	(18,255)
	7,788,466	-0.4848		(3,261,614)	-0.6214		
<b>City of Winchester (Clark County)</b>	7,548,345	-0.51409	(38,805)	(3,400,361)	-0.65638	2,231,942.32	2,193,137
	7,308,223	-0.5434		(3,539,108)	-0.6914		
	7,068,101	-0.5727		(3,677,855)	-0.7264		
<b>Fayette County</b>	6,827,980	-0.60203		(3,816,602)	-0.7614		(6,009)
County	6,587,858	-0.6313	(41,592)	(3,955,349)	-0.7964	31,499.89	(10,092)
School	6,347,736	-0.6607	(41,937)	(4,094,096)	-0.8314	34,037.82	(7,899)
Ext	6,107,615	-0.6900	(42,141)	(4,232,843)	-0.8664	36,672.87	(5,468)
Soil/Water	5,867,493	-0.7193	(42,204)	(4,371,590)	-0.9014	39,405.05	(2,799)
Health	5,627,371	-0.7486	(42,127)	(4,510,337)	-0.9364	42,234.36	108
Lextran	5,387,250	-0.7779	(41,908)	(4,649,084)	-0.9714	45,160.79	3,252
Full Svc	5,147,128	-0.8072	(41,549)	(4,787,831)	-1.0064	48,184.34	6,635
Partial Svc	4,907,006	-0.8365	(41,049)	(4,926,578)	-1.0414	51,305.02	10,256
<b>Franklin County</b>	4,666,885	-0.86586		(5,065,325)	-1.0764		
County	4,426,763	-0.89518		(5,204,072)	-1.1114		2,682
Ext. Svc (COOP)	4,186,641	-0.9245	(387)	(5,342,819)	-1.1464	612.50	225
General	3,946,520	-0.9538	(376)	(5,481,565)	-1.1814	647.59	271
Health	3,706,398	-0.9831	(364)	(5,620,312)	-1.2164	683.65	319
Library	3,466,276	-1.0124	(351)	(5,759,059)	-1.2514	720.69	370
Soil Conservation	3,226,155	-1.0417	(336)	(5,897,806)	-1.2864	758.69	423
School	2,986,033	-1.0711	(320)	(6,036,553)	-1.3214	797.67	478
City	2,745,911	-1.10037		(6,175,300)	-1.3564		
Frankfort	2,505,790	-1.1297	(283)	(6,314,047)	-1.3914	878.54	595
<b>Gallatin County</b>	2,265,668	-1.159		(6,452,794)	-1.4264		539,012
County	2,025,546	-1.1883	(24,070)	(6,591,541)	-1.4614	96,328.94	72,259
School	1,785,425	-1.2176	(21,740)	(6,730,288)	-1.4964	100,712.24	78,972
Health	1,545,303	-1.2469	(19,269)	(6,869,035)	-1.5314	105,192.68	85,924
Library	1,305,182	-1.2763	(16,657)	(7,007,782)	-1.5664	109,770.23	93,113
Ext	1,065,060	-1.3056	(13,905)	(7,146,529)	-1.6014	114,444.91	100,540
Soil Conservation	824,938	-1.3349	(11,012)	(7,285,276)	-1.6364	119,216.72	108,205
	584,817	-1.3642		(7,424,023)	-1.6714		

**KENTUCKY AMERICAN WATER**

City/County	2012 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>City of Glencoe(Gallatin County)</b>	344,695	-1.3935	(480,338)	(7,562,770)	-1.7064	12,905,170.75	12,424,833
	104,573	-1.4228		(7,701,517)	-1.7414		
<b>City of Sparta(Gallatin County)</b>	(135,548)	-1.4521	196,836	(7,840,264)	-1.7764	13,927,519.62	0
	(375,670)	-1.4815		(7,979,011)	-1.8114		
<b>Grant County</b>	(615,792)	-1.51077		(8,117,758)	-1.8464		1,629,397
Grant County	(855,913)	-1.5401	13,182	(8,256,505)	-1.8814	155,338.87	168,521
County School	(1,096,035)	-1.5694	17,201	(8,395,251)	-1.9164	160,887.67	178,089
Williamstown School	(1,336,157)	-1.5987	21,361	(8,533,998)	-1.9514	166,533.61	187,895
Library	(1,576,278)	-1.62803	25,662	(8,672,745)	-1.9864	172,276.66	197,939
Health	(1,816,400)	-1.6573	30,104	(8,811,492)	-2.0214	178,116.85	208,221
Extension Service	(2,056,522)	-1.6867	34,686	(8,950,239)	-2.0564	184,054.15	218,741
Soil Conservation	(2,296,643)	-1.7160	39,410	(9,088,986)	-2.0914	190,088.59	229,498
Mental Health	(2,536,765)	-1.7453	44,274	(9,227,733)	-2.1264	196,220.15	240,494
	(2,776,887)	-1.7746		(9,366,480)	-2.1614		
<b>Harrison County</b>	(3,017,008)	-1.80391		(9,505,227)	-2.1964		2,183,575
County	(3,257,130)	-1.8332	59,711	(9,643,974)	-2.2314	215,197.57	274,908
School	(3,497,252)	-1.8625	65,138	(9,782,721)	-2.2664	221,717.63	286,855
Library	(3,737,373)	-1.8919	70,706	(9,921,468)	-2.3014	228,334.81	299,041
Health	(3,977,495)	-1.9212	76,414	(10,060,215)	-2.3364	235,049.12	311,464
Extension Service	(4,217,617)	-1.9505	82,264	(10,198,962)	-2.3714	241,860.55	324,124
Soil Conservation	(4,457,738)	-1.9798	88,254	(10,337,709)	-2.4064	248,769.11	337,023
Fire	(4,697,860)	-2.0091	94,385	(10,476,456)	-2.4414	255,774.80	350,160
	(4,937,982)	-2.03843		(10,615,203)	-2.4764		
<b>Jessamine County</b>	(5,178,103)	-2.06774		(10,753,950)	-2.5114		2,562,070
County	(5,418,225)	-2.0971	113,623	(10,892,697)	-2.5464	277,374.60	390,998
School	(5,658,347)	-2.1264	120,317	(11,031,444)	-2.5814	284,768.78	405,086
Health	(5,898,468)	-2.1557	127,152	(11,170,190)	-2.6164	292,260.09	419,412
Library	(6,138,590)	-2.185	134,128	(11,308,937)	-2.6514	299,848.52	433,976
Fire	(6,378,711)	-2.2143	141,244	(11,447,684)	-2.6864	307,534.08	448,779
N.Fire	(6,618,833)	-2.2436	148,502	(11,586,431)	-2.7214	315,316.77	463,819
<b>Ag Ext</b>	(6,858,955)	-2.2729		(11,725,178)	-2.7564		
	(7,099,076)	-2.30225		(11,863,925)	-2.7914		
<b>Owen County</b>	(7,339,198)	-2.33157		(12,002,672)	-2.8264		3,406,345
Extension Service	(7,579,320)	-2.3609	178,939	(12,141,419)	-2.8614	347,418.76	526,357
General	(7,819,441)	-2.3902	186,900	(12,280,166)	-2.8964	355,687.07	542,587
Health	(8,059,563)	-2.4195	195,002	(12,418,913)	-2.9314	364,052.50	559,054
Library	(8,299,685)	-2.4488	203,245	(12,557,660)	-2.9664	372,515.06	575,760
Soil Conservation	(8,539,806)	-2.4781	211,628	(12,696,407)	-3.001	381,074.75	592,703
School	(8,779,928)	-2.5075	220,152	(12,835,154)	-3.0364	389,731.56	609,884
	(9,020,050)	-2.53677		(12,973,901)	-3.0714		
<b>City of Monterey(Owen County)</b>	(9,260,171)	-2.5661	237,623	(13,112,648)	-3.106	0.00	237,623
	(9,500,293)	-2.59539		(13,251,395)	-3.1414		
<b>City of Owenton(Owen County)</b>	(9,740,415)	-2.62471	0	(13,390,142)	-3.17644	42,533,004.98	42,533,005
	(9,980,536)	-2.65402		(13,528,889)	-3.21144		
<b>City of Sparta(Owen County)</b>	(10,220,658)	-2.6833	27,425,463	(13,667,636)	-3.2464	44,371,204.65	71,796,667
	(10,460,780)	-2.71265		(13,806,383)	-3.2814		
<b>Scott County</b>	(10,700,901)	-2.74196		(13,945,129)	-3.3164		4,074,079
County	(10,941,023)	-2.7713	303,206	(14,083,876)	-3.3514	472,013.48	775,220
Ext	(11,181,145)	-2.8006	313,138	(14,222,623)	-3.3864	481,641.54	794,780
Health	(11,421,266)	-2.8299	323,211	(14,361,370)	-3.4214	491,366.73	814,578
Library	(11,661,388)	-2.8592	333,425	(14,500,117)	-3.4564	501,189.04	834,614
School	(11,901,510)	-2.8885	343,779	(14,638,864)	-3.4914	511,108.48	854,888
	(12,141,631)	-2.91785		(14,777,611)	-3.5264		
<b>City of Georgetown</b>	(12,381,753)	-2.947	364,910	(14,916,358)	-3.56145	531,238.73	896,149
	(12,621,875)	-2.97648		(15,055,105)	-3.5965		
<b>City of Sadleville</b>	(12,861,996)	-3.006	38,660,479	(15,193,852)	-3.63145	55,175,747.26	93,836,227
	(13,102,118)	-3.03511		(15,332,599)	-3.6665		
<b>City of Stamping Ground</b>	(13,342,239)	-3.064	40,886,222	(15,471,346)	-3.70145	57,266,472.18	98,152,695
	(13,582,361)	-3.09373		(15,610,093)	-3.7365		
<b>Woodford County</b>	(13,822,483)	-3.12305		(15,748,840)	-3.7715		6,632,901
School	(14,062,604)	-3.1524	443,304	(15,887,587)	-3.8065	604,754.03	1,048,058
County	(14,302,726)	-3.1817	455,066	(16,026,334)	-3.8415	615,644.72	1,070,711
Fire Dept	(14,542,848)	-3.2110	466,969	(16,165,081)	-3.8765	626,632.53	1,093,602
Library	(14,782,969)	-3.2403	479,013	(16,303,828)	-3.9115	637,717.47	1,116,731
Health Dept	(15,023,091)	-3.2696	491,198	(16,442,575)	-3.9465	648,899.53	1,140,097
Ext. Service	(15,263,213)	-3.2989	503,523	(16,581,322)	-3.9815	660,178.72	1,163,702
<b>Assessment</b>	<u>(9,655,169)</u>			<u>(90,960,297)</u>			
						<b>2012</b>	
				County/Ci Tax Bills		<b>271,114,675.38</b>	
				State Liab Tax Bill		<b>834,356.96</b>	
						<b>271,949,032.34</b>	

Notes:

**KENTUCKY AMERICAN WATER**

City/County	2013 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Bourbon County</b>		0.8690			0.9160		<b>26,623.21</b>
County	2,821,289	0.1290	3,639.46	229,936	0.1290	296.62	3,936.08
School	2,821,289	0.5760	16,250.61	229,936	0.5760	1,324.43	17,575.05
Library	2,821,289	0.0860	2,426.31	229,936	0.1263	290.41	2,716.72
Health	2,821,289	0.0460	1,297.79	229,936	0.0460	105.77	1,403.56
Ag. Extension	2,821,289	0.0250	705.32	229,936	0.0387	88.99	794.31
Soil Conservation	2,821,289	0.0070	197.49	229,936	0.0000	0.00	197.49
<b>Clark County</b>							<b>23,884.13</b>
County	1,840,972	0.0930	1,712.10	1,068,592	0.1190	1,271.62	2,983.73
School	1,840,972	0.5590	10,291.01	1,068,592	0.5590	5,973.43	16,264.44
Ext	1,840,972	0.0270	497.06	1,068,592	0.0432	461.63	958.69
Health	1,840,972	0.0460	846.85	1,068,592	0.0460	491.55	1,338.40
Library	1,840,972	0.0690	1,270.27	1,068,592	0.1000	1,068.59	2,338.86
<b>City of Winchester (Clark County)</b>	55,734	0.14600	81.37	0	0.15630	0.00	<b>81.37</b>
<b>Fayette County</b>							<b>2,067,359.45</b>
County	152,306,755	0.0800	121,845.40	71,114,450	0.0990	70,403.31	192,248.71
School	152,306,755	0.6960	1,060,055.01	71,114,450	0.6960	494,956.56	1,555,011.58
Ext	152,306,755	0.0034	517.83	71,114,450	0.0038	2,702.35	7,880.78
Soil/Water	152,306,755	0.0005	761.53	71,114,450		0.00	761.53
Health	152,306,755	0.0280	42,645.89	71,114,450	0.0280	19,912.05	62,557.94
Lextran	152,306,755	0.0600	91,384.05	71,114,450	0.0600	42,668.67	134,052.72
Full Svc	66,079,511	0.1738	114,846.19	31,970,429		0.00	114,846.19
Partial Svc	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Franklin County</b>							<b>447,812.97</b>
County							
Ext. Svc (COOP)	41,304,172	0.0140	5,782.58	4,857,990	0.0260	1,263.08	7,045.66
General	41,304,172	0.1700	70,217.09	4,857,990	0.2400	11,659.18	81,876.27
Health	41,304,172	0.0575	23,749.90	4,857,990	0.0575	2,793.34	26,543.24
Library	41,304,172	0.0850	35,108.55	4,857,990	0.1221	5,931.61	41,040.15
Soil Conservation	41,304,172	0.0090	3,717.38	4,857,990	0.0000	0.00	3,717.38
School	41,304,172	0.6230	257,324.99	4,857,990	0.6230	30,265.28	287,590.27
City							
Frankfort	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Gallatin County</b>							<b>4,925.22</b>
County	40,213	0.0890	35.79	424,288	0.1630	691.59	727.38
School	40,213	0.6660	267.82	424,288	0.6660	2,825.76	3,093.58
Health	40,213	0.0550	22.12	424,288	0.0550	233.36	255.48
Library	40,213	0.1160	46.65	424,288	0.1258	533.75	580.40
Ext	40,213	0.0570	22.92	424,288	0.0570	241.84	264.77
Soil Conservation	40,213	0.0090	3.62	424,288	0.0000	0.00	3.62
<b>City of Glencoe (Gallatin County)</b>	4,423	0.2300	10.17	151,453	0.2300	348.34	<b>358.51</b>
<b>City of Sparta (Gallatin County)</b>	1,207			0			<b>0.00</b>
<b>Grant County</b>							<b>2,233.00</b>
Grant County	210,393	0.1480	311.38	35,636	0.1480	52.74	364.12
County School	210,393	0.5610	1,180.30	35,636	0.5610	199.92	1,380.22
Williamstown School	210,393	0.8840	0.00	35,636	0.8840	0.00	0.00
Library	210,393	0.087	183.04	35,636	0.1355	48.29	231.33
Health	210,393	0.0280	58.91	35,636	0.0280	9.98	68.89
Extension Service	210,393	0.0440	92.57	35,636	0.0995	35.46	128.03
Soil Conservation	210,393	0.0100	21.04	35,636	0	0.00	21.04
Mental Health	210,393	0.0160	33.66	35,636	0.0160	5.70	39.36
<b>Harrison County</b>							<b>4,576.24</b>
County	606,217	0.1020	618.34	13,754	0.1290	17.74	636.08
School	606,217	0.4520	2,740.10	13,754	0.4520	62.17	2,802.27
Library	606,217	0.0700	424.35	13,754	0.1445	19.87	444.23
Health	606,217	0.0500	303.11	13,754	0.0500	6.88	309.99
Extension Service	606,217	0.0500	303.11	13,754	0.1009	13.88	316.99
Soil Conservation	606,217	0.0110	66.68	13,754	0.0000	0.00	66.68
Fire	606,217	0.0630	0.00	13,754	0.0630	0.00	0.00
<b>Jessamine County</b>							<b>58,629.38</b>
County	6,118,702	0.0640	3,915.97	234,588	0.1300	304.96	4,220.93
School	6,118,702	0.6440	39,404.44	234,588	0.6440	1,510.75	40,915.19
Health	6,118,702	0.0190	1,162.55	234,588	0.0230	53.96	1,216.51
Library	6,118,702	0.092	5,629.21	234,588	0.1836	430.70	6,059.91
Fire	6,118,702	0.0520	3,181.73	234,588	0.0480	112.60	3,294.33
N.Fire	6,118,702	0.0460	2,814.60	234,588	0.0460	107.91	2,922.51
<b>Ag Ext</b>							

**KENTUCKY AMERICAN WA**

City/County	2013 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Owen County</b>							<b>595,599.96</b>
Extension Service	56,851,219	0.0410	23,309.00	4,381,768	0.0816	3,575.52	26,884.52
General	56,851,219	0.1220	69,358.49	4,381,768	0.1340	5,871.57	75,230.06
Health	56,851,219	0.0560	31,836.68	4,381,768	0.0560	2,453.79	34,290.47
Library	56,851,219	0.1240	70,495.51	4,381,768	0.1947	8,531.30	79,026.82
Soil Conservation	56,851,219	0.0160	9,096.20	4,381,768	0.0000	0.00	9,096.20
School	56,851,219	0.6060	344,518.38	4,381,768	0.6060	26,553.51	371,071.89
<b>City of Monterey(Owen County)</b>	346,652	0.1680	582.38	16,704	0.0000	0.00	<b>582.38</b>
<b>City of Owenton(Owen County)</b>	6,830,401	0	0	2,092,293	0.22000	4,603.04	<b>4,603.04</b>
<b>City of Sparta(Owen County)</b>	1207			30,068			<b>0.00</b>
<b>Scott County</b>							<b>318,453.38</b>
County	45,469,687	0.067	30,464.69	4,024,532	0.1094	4,402.84	34,867.53
Ext	45,469,687	0.018	8,184.54	4,024,532	0.0299	1,203.34	9,387.88
Health	45,469,687	0.022	10,003.33	4,024,532	0.022	885.40	10,888.73
Library	45,469,687	0.06	27,281.81	4,024,532	0.06	2,414.72	29,696.53
School	45,469,687	0.472	214,616.92	4,024,532	0.472	18,995.79	233,612.71
<b>City of Georgetown</b>	3,372,897	0.065	2,192.38	2,581,185	0.15890	4,101.50	<b>6,293.88</b>
<b>City of Sadleville</b>	197,166	0.150	295.75	50,563	0.10000	50.57	<b>346.32</b>
<b>City of Stamping Ground</b>	1015	0.152	1.54	0	0.00000	0.00	<b>1.54</b>
<b>Woodford County</b>				0	0.0000	0.00	<b>7,979.02</b>
School	887,177	0.6220	5,518.24	61,504	0.6220	382.55	5,900.80
County	887,177	0.0700	621.02	61,504	0.0700	43.05	664.08
Fire Dept	887,177	0.0450	399.23	61,504	0.0450	27.68	426.91
Library	887,177	0.0670	594.41	61,504	0.0670	41.21	635.62
Health Dept	887,177	0.0200	177.44	61,504	0.0200	12.30	189.74
Ext. Service	887,177	0.0170	150.82	61,504	0.0180	11.07	161.89
<b>Assessment</b>	<u>308,456,796</u>			<u>86,447,038</u>			

	<b>2013</b>
County/City Liability	3,570,343.01
State Liability	881,945.18
2013 Taxes Paid	<u>4,452,288.19</u>

Notes:

**KENTUCKY AMERICAN WA**

City/County	2013 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Bourbon County</b>		0.8079			0.7956		53,055
County	9,869,288	0.1353	13,351	(2,125,488)	0.1338	(2,843)	10,507
School	9,623,104	0.1350	12,994	(2,368,297)	0.1333	(3,157)	9,837
Library	9,376,920	0.1348	12,638	(2,611,106)	0.1328	(3,468)	9,170
Health	9,130,736	0.1345	12,284	(2,853,915)	0.1324	(3,777)	8,506
Ag. Extension	8,884,552	0.1343	11,930	(3,096,724)	0.1319	(4,084)	7,846
Soil Conservation	8,638,368	0.1340	11,578	(3,339,533)	0.1314	(4,389)	7,190
<b>Clark County</b>	8,392,184	0.13379		(3,582,343)	0.13094		23,013
County	8,146,000	0.1335	10,878	(3,825,152)	0.1305	(4,991)	5,887
School	7,899,816	0.1333	10,530	(4,067,961)	0.1300	(5,288)	5,242
Ext	7,653,632	0.1330	10,183	(4,310,770)	0.1295	(5,583)	4,599
Health	7,407,448	0.1328	9,837	(4,553,579)	0.1290	(5,876)	3,960
Library	7,161,264	0.1325	9,492	(4,796,388)	0.1286	(6,167)	3,325
	6,915,080	0.1323		(5,039,197)	0.1281		
<b>City of Winchester (Clark County)</b>	6,668,896	0.13205	8,806	(5,282,006)	0.12763	0	8,806
	6,422,712	0.1318		(5,524,816)	0.1272		
	6,176,528	13.16%		(5,767,625)	0.12668		
<b>Fayette County</b>	5,930,344	0.13131		(6,010,434)	0.12621		(15,593)
County	5,684,160	0.1311	7,450	(6,253,243)	0.1257	(7,863)	(413)
School	5,437,976	0.1308	7,113	(6,496,052)	0.1253	(8,137)	(1,024)
Ext	5,191,792	0.1306	6,779	(6,738,861)	0.1248	(8,409)	(1,631)
Soil/Water	4,945,608	0.1303	6,445	(6,981,670)	0.1243	(8,679)	(2,235)
Health	4,699,424	0.1301	6,112	(7,224,479)	0.1238	(8,947)	(2,835)
Lextran	4,453,240	0.1298	5,781	(7,467,289)	0.1234	(9,212)	(3,431)
Full Svc	4,207,056	0.1296	5,451	(7,710,098)	0.1229	(9,476)	(4,024)
Partial Svc	3,960,872	0.1293	0	(7,952,907)	0.1224	0	0
<b>Franklin County</b>	3,714,688	0.12908		(8,195,716)	0.12195		
County	3,468,504	0.12883		(8,438,525)	0.12148		(46,732)
Ext. Svc (COOP)	3,222,319	0.1286	4,143	(8,681,334)	0.1210	(10,505)	(6,362)
General	2,976,135	0.1283	3,819	(8,924,143)	0.1205	(10,756)	(6,937)
Health	2,729,951	0.1281	3,497	(9,166,952)	0.1201	(11,006)	(7,509)
Library	2,483,767	0.1278	3,175	(9,409,762)	0.1196	(11,253)	(8,078)
Soil Conservation	2,237,583	0.1276	2,855	(9,652,571)	0.1191	(11,497)	(8,643)
School	1,991,399	0.1273	2,536	(9,895,380)	0.1186	(11,740)	(9,204)
City	1,745,215	0.12709		(10,138,189)	0.11817		
Frankfort	1,499,031	0.1268	0	(10,380,998)	0.1177	0	0
<b>Gallatin County</b>	1,252,847	0.1266		(10,623,807)	0.11722		(76,575)
County	1,006,663	0.1263	1,272	(10,866,616)	0.1167	(12,687)	(11,415)
School	760,479	0.1261	959	(11,109,425)	0.1163	(12,917)	(11,958)
Health	514,295	0.1259	647	(11,352,235)	0.1158	(13,146)	(12,499)
Library	268,111	0.1256	337	(11,595,044)	0.1153	(13,372)	(13,036)
Ext	21,927	0.1254	27	(11,837,853)	0.1149	(13,596)	(13,569)
Soil Conservation	(224,257)	0.1251	(281)	(12,080,662)	0.1144	(13,818)	(14,099)
	(470,441)	0.1249		(12,323,471)	0.1139		

**KENTUCKY AMERICAN WATER**

City/County	2013 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>City of Glencoe(Gallatin County)</b>	(716,625)	0.1246	(893)	(12,566,280)	0.1134	(14,255)	(15,148)
	(962,809)	0.1244		(12,809,089)	0.1130		
<b>City of Sparta(Gallatin County)</b>	(1,208,993)	0.1241		(13,051,898)	0.1125		0
	(1,455,177)	0.1239		(13,294,708)	0.1120		
<b>Grant County</b>	(1,701,361)	0.12362		(13,537,517)	0.11154		(136,809)
Grant County	(1,947,545)	0.1234	(2,403)	(13,780,326)	0.1111	(15,306)	(17,709)
County School	(2,193,729)	0.1231	(2,701)	(14,023,135)	0.1106	(15,509)	(18,210)
Williamstown School	(2,439,913)	0.1229	0	(14,265,944)	0.1101	0	0
Library	(2,686,097)	0.12263	(3,294)	(14,508,753)	0.1097	(15,909)	(19,203)
Health	(2,932,281)	0.1224	(3,589)	(14,751,562)	0.1092	(16,105)	(19,694)
Extension Service	(3,178,465)	0.1221	(3,882)	(14,994,371)	0.1087	(16,300)	(20,182)
Soil Conservation	(3,424,649)	0.1219	(4,174)	(15,237,181)	0.10823	(16,491)	(20,666)
Mental Health	(3,670,833)	0.1216	(4,465)	(15,479,990)	0.1078	(16,681)	(21,146)
	(3,917,017)	0.12139		(15,722,799)	0.10729		
<b>Harrison County</b>	(4,163,202)	0.12114		(15,965,608)	0.10681		(142,326)
County	(4,409,386)	0.1209	(5,331)	(16,208,417)	0.1063	(17,236)	(22,567)
School	(4,655,570)	0.1206	(5,617)	(16,451,226)	0.1059	(17,416)	(23,033)
Library	(4,901,754)	0.1204	(5,902)	(16,694,035)	0.1054	(17,594)	(23,496)
Health	(5,147,938)	0.1201	(6,185)	(16,936,844)	0.1049	(17,770)	(23,955)
Extension Service	(5,394,122)	0.1199	(6,468)	(17,179,653)	0.1044	(17,944)	(24,411)
Soil Conservation	(5,640,306)	0.1197	(6,749)	(17,422,463)	0.1040	(18,115)	(24,864)
Fire	(5,886,490)	0.1194	0	(17,665,272)	0.1035	0	0
	(6,132,674)	0.11916		(17,908,081)	0.10303		
<b>Jessamine County</b>	(6,378,858)	0.11891		(18,150,890)	0.10255		(166,279)
County	(6,625,042)	0.1187	(7,861)	(18,393,699)	0.1021	(18,777)	(26,638)
School	(6,871,226)	0.1184	(8,137)	(18,636,508)	0.1016	(18,936)	(27,073)
Health	(7,117,410)	0.1182	(8,410)	(18,879,317)	0.1011	(19,094)	(27,504)
Library	(7,363,594)	0.11792	(8,683)	(19,122,126)	0.1007	(19,249)	(27,932)
Fire	(7,609,778)	0.1177	(8,954)	(19,364,936)	0.1002	(19,402)	(28,356)
N.Fire	(7,855,962)	0.1174	(9,225)	(19,607,745)	0.0997	(19,552)	(28,777)
<b>Ag Ext</b>	(8,102,146)	0.1172		(19,850,554)	0.0992		
	(8,348,330)	0.11693		(20,093,363)	0.09877		
<b>Owen County</b>	(8,594,514)	0.11668		(20,336,172)	0.0983		(188,523)
Extension Service	(8,840,698)	0.1164	(10,293)	(20,578,981)	0.0978	(20,131)	(30,424)
General	(9,086,882)	0.1162	(10,557)	(20,821,790)	0.0974	(20,270)	(30,828)
Health	(9,333,066)	0.1159	(10,820)	(21,064,599)	0.0969	(20,407)	(31,227)
Library	(9,579,250)	0.1157	(11,082)	(21,307,409)	0.0964	(20,541)	(31,623)
Soil Conservation	(9,825,434)	0.1154	(11,342)	(21,550,218)	0.096	(20,673)	(32,016)
School	(10,071,618)	0.1152	(11,602)	(21,793,027)	0.0955	(20,803)	(32,405)
	(10,317,802)	0.11494		(22,035,836)	0.09499		
<b>City of Monterey(Owen County)</b>	(10,563,986)	0.1147	(12,116)	(22,278,645)	0.095	0	(12,116)
	(10,810,170)	0.11445			0.09404		
<b>City of Owenton(Owen County)</b>	(11,056,354)	0.1142	0	2,092,294	0.09357	1,958	1,958
	(11,302,539)	0.11395			0.09309		
<b>City of Sparta(Owen County)</b>	(11,548,723)	0.1137		(619,817)	0.0926		0
	(11,794,907)	0.11346		(816,665)	0.09215		
<b>Scott County</b>	(12,041,091)	0.11321		(1,013,514)	0.09167		(79,086)
County	(12,287,275)	0.11296	(13,880)	(1,210,363)	0.0912	(1,104)	(14,984)
Ext	(12,533,459)	0.11271	(14,127)	(1,407,211)	0.09073	(1,277)	(15,403)
Health	(12,779,643)	0.11246	(14,373)	(1,604,060)	0.09025	(1,448)	(15,820)
Library	(13,025,827)	0.11222	(14,617)	(1,800,908)	0.08978	(1,617)	(16,234)
School	(13,272,011)	0.11197	(14,860)	(1,997,757)	0.08931	(1,784)	(16,645)
	(13,518,195)	0.11172		(2,194,606)	0.08883		
<b>City of Georgetown</b>	(13,764,379)	0.111	(15,344)	(2,391,454)	0.08836	(2,113)	(17,457)
	(14,010,563)	0.11122		(2,588,303)	0.08789		
<b>City of Sadleville</b>	(14,256,747)	0.111	(15,822)	(2,785,151)	0.08742	(21)	(15,843)
	(14,502,931)	0.11073		(2,982,000)	0.08694	(34)	
<b>City of Stamping Ground</b>	(14,749,115)	0.110	(16,295)	(3,178,849)	0.08647	(46)	(16,341)
	(14,995,299)	0.11023		(3,375,697)	0.086	(59)	
<b>Woodford County</b>	(15,241,483)	0.10999		(3,572,546)	0.0855	(72)	(126,845)
School	(15,487,667)	0.1097	(16,996)	(3,769,394)	0.0850	(3,206)	(20,202)
County	(15,733,851)	0.1095	(17,227)	(3,966,243)	0.0846	(3,355)	(20,581)
Fire Dept	(15,980,035)	0.1092	(17,457)	(4,163,092)	0.0841	(3,501)	(20,958)
Library	(16,226,219)	0.1090	(17,685)	(4,359,940)	0.0836	(3,646)	(21,332)
Health Dept	(16,472,403)	0.1087	(17,913)	(4,556,789)	0.0832	(3,789)	(21,702)
Ext. Service	(16,718,587)	0.1085	(18,139)	(4,753,638)	0.0827	(3,931)	(22,070)
<b>Assessment</b>	<u>(21,669,181)</u>			<u>(105,693,013)</u>			

**2013**

County/City Liability	(968,841.05)
State Liability	881,946.18
2014 Taxes Paid	<u>(86,894.87)</u>

Notes:

**KENTUCKY AMERICAN WATER**

City/County	2014 Tax Bills						Total Tax
	Real	Rate	Amount	Personal	Rate	Amount	
<b>Bourbon County</b>							<b>27,374.94</b>
County	2,855,700	0.1280	3,655.30	284,323	0.1280	363.93	4,019.23
School	2,855,700	0.5730	16,363.16	284,323	0.5730	1,629.17	17,992.33
Library	2,855,700	0.0890	2,541.57	284,323	0.1170	332.66	2,874.23
Health	2,855,700	0.0460	1,313.62	284,323	0.0460	130.79	1,444.41
Ag. Extension	2,855,700	0.0260	742.48	284,323	0.0360	102.36	844.84
Soil Conservation	2,855,700	0.0070	199.90	284,323	0.0000	0.00	199.90
<b>Clark County</b>							<b>25,326.96</b>
County	1,863,199	0.0930	1,732.78	1,170,016	0.1108	1,296.38	3,029.15
School	1,863,199	0.5740	10,694.76	1,170,016	0.5740	6,715.90	17,410.66
Ext	1,863,199	0.0290	540.33	1,170,016	0.0433	506.62	1,046.94
Health	1,863,199	0.0460	857.07	1,170,016	0.0460	538.21	1,395.28
Library	1,863,199	0.0710	1,322.87	1,170,016	0.0959	1,122.05	2,444.92
<b>City of Winchester (Clark County)</b>	56,855	0.1460	83.01	1,620	0.1499	2.43	<b>85.44</b>
<b>Fayette County</b>							<b>2,345,180.65</b>
County	157,904,907	0.0800	126,323.93	89,961,572	0.0931	83,754.22	210,078.15
School	157,904,907	0.7190	1,135,336.28	89,961,572	0.7190	646,823.70	1,782,159.98
Ext	157,904,907	0.0034	5,368.77	89,961,572	0.0038	3,418.54	8,787.31
Soil/Water	157,904,907	0.0005	789.52	89,961,572	0.0000	0.00	789.52
Health	157,904,907	0.0280	44,213.37	89,961,572	0.0280	25,189.24	69,402.61
Lextran	157,904,907	0.0600	94,742.94	89,961,572	0.0600	53,976.93	148,719.88
Full Svc	72,061,678	0.1738	125,243.20	0	0.0000	0.00	125,243.20
Partial Svc	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Franklin County</b>							<b>534,151.22</b>
County							
Ext. Svc (COOP)	49,159,844	0.0140	6882.38	4,299,114	0.0260	1,117.77	8,000.15
General	49,159,844	0.1740	85538.13	4,299,114	0.2350	10,102.92	95,641.05
Health	49,159,844	0.0575	28266.91	4,299,114	0.0575	2,471.99	30,738.90
Library	49,159,844	0.0840	41294.27	4,299,114	0.1155	4,965.48	46,259.75
Soil Conservation	49,159,844	0.0090	4424.39	4,299,114	0.0000	0.00	4,424.39
School	49,159,844	0.6530	321013.78	4,299,114	0.6530	28,073.21	349,087.00
City							
Frankfort	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Gallatin County</b>							<b>5,100.75</b>
County	39,892	0.0890	35.50	446,252	0.1630	727.39	762.89
School	39,892	0.6630	264.48	446,252	0.6630	2,958.65	3,223.13
Health	39,892	0.0550	21.94	446,252	0.0550	245.44	267.38
Library	39,892	0.1160	46.27	446,252	0.1177	525.24	571.51
Ext	39,892	0.0560	22.34	446,252	0.0560	249.90	272.24
Soil Conservation	39,892	0.0090	3.59	446,252	0.0000	0.00	3.59
<b>City of Glencoe (Gallatin County)</b>	4,388	0.2300	10.09	159,028	0.2300	365.76	<b>375.85</b>
<b>City of Sparta (Gallatin County)</b>	1,197	0.1900	2.27	283,957	0.1900	539.52	541.79
<b>Grant County</b>							<b>2,284.70</b>
Grant County	205,122	0.1470	301.53	43,235	0.1470	63.56	365.08
County School	205,122	0.5610	1,150.73	43,235	0.5610	242.55	1,393.28
Williamstown School	205,122	0.0000	0.00	43,235	0.0000	0.00	0.00
Library	205,122	0.0910	186.66	43,235	0.1396	60.36	247.02
Health	205,122	0.0280	57.43	43,235	0.0280	12.11	69.54
Extension Service	205,122	0.0490	100.51	43,235	0.1091	47.17	147.68
Soil Conservation	205,122	0.0109	22.36	43,235	0.0000	0.00	22.36
Mental Health	205,122	0.0160	32.82	43,235	0.0160	6.92	39.74
<b>Harrison County</b>							<b>5,215.82</b>
County	606,905	0.1020	619.04	27,851	0.1290	35.93	654.97
School	606,905	0.4720	2,864.59	27,851	0.4720	131.46	2,996.05
Library	606,905	0.0700	424.83	27,851	0.1445	40.24	465.08
Health	606,905	0.0475	288.28	27,851	0.0475	13.23	301.51
Extension Service	606,905	0.0500	303.45	27,851	0.1009	28.10	331.55
Soil Conservation	606,905	0.0110	66.76	27,851	0.0000	0.00	66.76
Fire	606,905	0.0630	382.35	27,851	0.0630	17.55	399.90
<b>Jessamine County</b>							<b>62,977.46</b>
County	6,044,353	0.0640	3,868.39	405,348	0.1200	486.42	4,354.81
School	6,044,353	0.6600	39,892.73	405,348	0.6600	2,675.30	42,568.03
Health	6,044,353	0.0300	1,813.31	405,348	0.0300	121.60	1,934.91
Library	6,044,353	0.0980	5,923.47	405,348	0.1832	742.60	6,666.07
Fire	6,044,353	0.0520	3,143.06	405,348	0.0480	194.57	3,337.63
N.Fire	6,044,353	0.0460	2,780.40	405,348	0.0460	186.46	2,966.86
<b>Ag Ext</b>	6,044,353	0.0170	1,027.54	405,348	0.0300	121.60	1,149.14





**KENTUCKY AMERICAN WATER**

City/County	2014 Tax Bills						
	Real	Rate	Amount	Personal	Rate	Amount	Total Tax
<b>City of Glencoe(Gallatin County)</b>	(1,835,345)	0.1324	(2,430)	3,519,955	0.1090	3,836.82	1,407
	(2,105,457)	0.1323		3,541,732.46	0.1087		
<b>City of Sparta(Gallatin County)</b>	(2,375,568)	0.1322	(3,140)	3,563,510	0.1083	3,859.47	719
	(2,645,679)	0.1321		3,585,286.92	0.1080		
<b>Grant County</b>	(2,915,790)	0.1320		3,607,064.15	0.1076		(11,012)
Grant County	(3,185,901)	0.1318	(4,200)	3,628,841	0.1073	3,892.31	(308)
County School	(3,456,012)	0.1317	(4,553)	3,650,619	0.1069	3,902.95	(650)
Williamstown School	(3,726,123)	0.1316	0	3,672,396	0.1066	0.00	0
Library	(3,996,234)	0.1315	(5,255)	3,694,173	0.1062	3,923.78	(1,331)
Health	(4,266,345)	0.1314	(5,606)	3,715,950	0.1059	3,933.96	(1,672)
Extension Service	(4,536,457)	0.1313	(5,955)	3,737,728	0.1055	3,944.00	(2,011)
Soil Conservation	(4,806,568)	0.1312	(6,304)	3,759,505	0.1052	3,953.88	(2,351)
Mental Health	(5,076,679)	0.1311	(6,653)	3,781,282	0.1048	3,963.61	(2,689)
	(5,346,790)	0.1309		3803059.227	0.1045		
<b>Harrison County</b>	(5,616,901)	0.1308		3,824,836.46	0.1041		(32,982)
County	(5,887,012)	0.1307	(7,695)	3,846,614	0.1038	3,991.89	(3,703)
School	(6,157,123)	0.1306	(8,041)	3,868,391	0.1034	4,001.02	(4,040)
Library	(6,427,234)	0.1305	(8,387)	3,890,168	0.1031	4,009.99	(4,377)
Health	(6,697,345)	0.1304	(8,732)	3,911,945	0.1027	4,018.81	(4,713)
Extension Service	(6,967,457)	0.1303	(9,076)	3,933,723	0.1024	4,027.48	(5,048)
Soil Conservation	(7,237,568)	0.1301	(9,419)	3,955,500	0.1020	4,036.00	(5,383)
Fire	(7,507,679)	0.1300	(9,763)	3,977,277	0.1017	4,044.36	(5,718)
	(7,777,790)	0.1299		3999054.306	0.1013		
<b>Jessamine County</b>	(8,047,901)	0.1298		4,020,831.54	0.1010		(54,010)
County	(8,318,012)	0.1297	(10,788)	4,042,609	0.1006	4,068.55	(6,719)
School	(8,588,123)	0.1296	(11,129)	4,064,386	0.1003	4,076.31	(7,052)
Health	(8,858,234)	0.1295	(11,469)	4,086,163	0.0999	4,083.92	(7,385)
Library	(9,128,345)	0.1294	(11,808)	4,107,940	0.0996	4,091.37	(7,717)
Fire	(9,398,457)	0.1292	(12,147)	4,129,718	0.0992	4,098.67	(8,048)
N.Fire	(9,668,568)	0.1291	(12,485)	4,151,495	0.0989	4,105.83	(8,379)
<b>Ag Ext</b>	(9,938,679)	0.1290	(12,822)	4,173,272	0.0986	4,112.83	(8,710)
	(10,208,790)	0.1289		4195049.384	0.0982		
<b>Owen County</b>	(10,478,901)	0.1288		4,216,826.62	0.0979		(63,113)
Extension Service	(10,749,012)	0.1287	(13,831)	4,238,604	0.0975	4,132.92	(9,699)
General	(11,019,123)	0.1286	(14,167)	4,260,381	0.0972	4,139.31	(10,027)
Health	(11,289,234)	0.1285	(14,501)	4,282,158	0.0968	4,145.55	(10,356)
Library	(11,559,345)	0.1283	(14,835)	4,303,936	0.0965	4,151.64	(10,683)
Soil Conservation	(11,829,457)	0.1282	(15,168)	4,325,713	0.0961	4,157.58	(11,011)
School	(12,099,568)	0.1281	(15,501)	4,347,490	0.0958	4,163.36	(11,338)
	(12,369,679)	0.1280		4369267.232	0.0954		
<b>City of Monterey(Owen County)</b>	(12,639,790)	0.1279	(16,164)	4,391,044	0.0951	0.00	(16,164)
	(12,909,901)	0.1278		4412821.694	0.0947		
<b>City of Owenton(Owen County)</b>	(13,180,012)	0.12766	(16,826)	4,434,599	0.0944	4,184.99	(12,641)
	(13,450,123)	0.1275		4,456,376.16	0.0940		
<b>City of Sparta(Owen County)</b>	(13,720,234)	0.1274	(17,484)	4,478,153	0.0937	4,194.90	(13,289)
	(13,990,346)	0.1273		4499930.618	0.0933		
<b>Scott County</b>	(14,260,457)	0.1272		4,521,707.85	0.0930		(74,513)
County	(14,530,568)	0.1271	(18,467)	4,543,485	0.0926	4,208.61	(14,259)
Ext	(14,800,679)	0.1270	(18,794)	4,565,262	0.0923	4,212.88	(14,581)
Health	(15,070,790)	0.1269	(19,120)	4,587,040	0.0919	4,217.00	(14,903)
Library	(15,340,901)	0.1268	(19,445)	4,608,817	0.0916	4,220.97	(15,224)
School	(15,611,012)	0.1266	(19,770)	4,630,594	0.0912	4,224.78	(15,545)
	(15,881,123)	0.1265		4652371.234	0.0909		
<b>City of Georgetown</b>	(16,151,234)	0.1264	(20,418)	4,674,148	0.0905	4,231.95	(16,186)
	(16,421,346)	0.1263		4,695,926	0.0902		
<b>City of Sadleville</b>	(16,691,457)	0.1262	(21,063)	4,717,703	0.0898	4,238.52	(16,824)
	(16,961,568)	0.1261		4,739,480	0.0895		
<b>City of Stamping Ground</b>	(17,231,679)	0.1260	(21,706)	4,761,257	0.0891	4,244.48	(17,458)
	(17,501,790)	0.1259		4783034.62	0.0888		
<b>Woodford County</b>	(17,771,901)	0.1257		4,804,811.85	0.0884		(115,213)
School	(18,042,012)	0.1256	(22,665)	4,826,589	0.0881	4,252.28	(18,413)
County	(18,312,123)	0.1255	(22,984)	4,848,366	0.0878	4,254.57	(18,729)
Fire Dept	(18,582,234)	0.1254	(23,302)	4,870,144	0.0874	4,256.72	(19,045)
Library	(18,852,346)	0.1253	(23,619)	4,891,921	0.0871	4,258.72	(19,360)
Health Dept	(19,122,457)	0.1252	(23,936)	4,913,698	0.0867	4,260.55	(19,675)
Ext. Service	(19,392,568)	0.1251	(24,252)	4,935,475	0.0864	4,262.24	(19,990)
<b>Assessment</b>	<u>(35,315,022)</u>			<u>124,170,970</u>			<u>452,673</u>
							<b>2014</b>
					County/City Liability		452,673.10
					State Liability		1,026,198.35
					2015 Taxes Paid		1,478,871.45

Notes:

**KENTUCKY AMERICAN WATER**

City/County	2015 Tax Bills						
	Real	Rate	Amount	Personal	Rate	Amount	Total Tax
<b>Bourbon County</b>							<b>41,425.19</b>
County	4,131,348	0.1270	5,246.81	497,508	0.1270	631.84	5,878.65
School	4,131,348	0.5910	24,416.27	497,508	0.5910	2,940.27	27,356.54
Library	4,131,348	0.0920	3,800.84	497,508	0.1239	616.41	4,417.25
Health	4,131,348	0.0460	1,900.42	497,508	0.0460	228.85	2,129.27
Ag. Extension	4,131,348	0.0280	1,156.78	497,508	0.0397	197.51	1,354.29
Soil Conservation	4,131,348	0.0070	289.19	497,508	0.0000	0.00	289.19
<b>Clark County</b>							<b>26,846.19</b>
County	2,000,472	0.0930	1,860.44	1,115,545	0.1168	1,302.96	3,163.40
School	2,000,472	0.6000	12,002.83	1,115,545	0.6000	6,693.28	18,696.11
Ext	2,000,472	0.0290	580.14	1,115,545	0.0433	483.03	1,063.17
Health	2,000,472	0.0460	920.22	1,115,545	0.0460	513.15	1,433.37
Library	2,000,472	0.0710	1,420.34	1,115,545	0.0959	1,069.81	2,490.14
<b>City of Winchester (Clark County)</b>	56,855	0.1460	83.01	1,092	0.1499	1.64	<b>84.65</b>
<b>Fayette County</b>							<b>2,562,955.87</b>
County	172,798,940	0.0800	138,239.15	91,071,873	0.0915	83,330.76	221,569.91
School	172,798,940	0.7400	1,278,712.16	91,071,873	0.7400	673,931.86	1,952,644.03
Ext	172,798,940	0.0032	5,529.57	91,071,873	0.0038	3,460.73	8,990.30
Soil/Water	172,798,940	0.0005	863.99	91,071,873	0.0000	0.00	863.99
Health	172,798,940	0.0280	48,383.70	91,071,873	0.0280	25,500.12	73,883.82
Lextran	172,798,940	0.0600	103,679.36	91,071,873	0.0600	54,643.12	158,322.48
Full Svc	84,396,633	0.1738	146,681.35	0	0.0000	0.00	146,681.35
Partial Svc	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Franklin County</b>							<b>522,869.39</b>
County							
Ext. Svc (COOP)	48,678,925	0.0140	6815.05	3,614,983	0.0260	939.90	7,754.96
General	48,678,925	0.1770	86161.70	3,614,983	0.2350	8,495.21	94,656.91
Health	48,678,925	0.0575	27990.38	3,614,983	0.0575	2,078.62	30,069.00
Library	48,678,925	0.0830	40403.51	3,614,983	0.1141	4,124.70	44,528.20
Soil Conservation	48,678,925	0.0090	4381.10	3,614,983	0.0000	0.00	4,381.10
School	48,678,925	0.6530	317873.38	3,614,983	0.6530	23,605.84	341,479.22
City							
Frankfort	0	0.0000	0.00	0	0.0000	0.00	0.00
<b>Gallatin County</b>							<b>4,986.31</b>
County	39,028	0.0890	34.73	441,770	0.1630	720.09	754.82
School	39,028	0.6530	254.85	441,770	0.6530	2,884.76	3,139.61
Health	39,028	0.0550	21.47	441,770	0.0550	242.97	264.44
Library	39,028	0.1150	44.88	441,770	0.1154	509.80	554.68
Ext	39,028	0.0560	21.86	441,770	0.0560	247.39	269.25
Soil Conservation	39,028	0.0090	3.51	441,770	0.0000	0.00	3.51
<b>City of Glencoe (Gallatin County)</b>	4,293	0.2300	9.87	157,549	0.2300	362.36	<b>372.23</b>
<b>City of Sparta (Gallatin County)</b>	1,171	0.1900	2.22	281,377	0.1900	534.62	<b>536.84</b>
<b>Grant County</b>							<b>2,423.67</b>
Grant County	220,771	0.1460	322.33	41,290	0.1460	60.28	382.61
County School	220,771	0.5610	1,238.53	41,290	0.5610	231.64	1,470.16
Williamstown School	220,771	0.0000	0.00	41,290	0.0000	0.00	0.00
Library	220,771	0.0950	209.73	41,290	0.1347	55.62	265.35
Health	220,771	0.0280	61.82	41,290	0.0280	11.56	73.38
Extension Service	220,771	0.0550	121.42	41,290	0.1132	46.74	168.16
Soil Conservation	220,771	0.0100	22.08	41,290	0.0000	0.00	22.08
Mental Health	220,771	0.0160	35.32	41,290	0.0160	6.61	41.93
<b>Harrison County</b>							<b>5,452.27</b>
County	643,745	0.1020	656.63	22,287	0.1290	28.75	685.38
School	643,745	0.4730	3,044.91	22,287	0.4730	105.42	3,150.33
Library	643,745	0.0700	450.62	22,287	0.1411	31.45	482.07
Health	643,745	0.0450	289.69	22,287	0.0450	10.03	299.71
Extension Service	643,745	0.0500	321.87	22,287	0.1009	22.49	344.36
Soil Conservation	643,745	0.0110	70.81	22,287	0.0000	0.00	70.81
Fire	643,745	0.0630	405.56	22,287	0.0630	14.04	419.60
<b>Jessamine County</b>							<b>65,630.56</b>
County	6,261,465	0.0640	4,007.34	349,006	0.1300	453.71	4,461.05
School	6,261,465	0.6720	42,077.04	349,006	0.6720	2,345.32	44,422.37
Health	6,261,465	0.0300	1,878.44	349,006	0.0300	104.70	1,983.14
Library	6,261,465	0.1030	6,449.31	349,006	0.1952	681.26	7,130.57
Fire	6,261,465	0.0520	3,255.96	349,006	0.0480	167.52	3,423.48
N.Fire	6,261,465	0.0460	2,880.27	349,006	0.0460	160.54	3,040.81
<b>Ag Ext</b>	6,261,465	0.0170	1,064.45	349,006	0.0300	104.70	1,169.15



**KENTUCKY AMERICAN WATER**

City/County	2015 Tax Bills						
	Real	Rate	Amount	Personal	Rate	Amount	Total Tax
<b>City of Glencoe(Gallatin County)</b>	(7,358,240)	0.1335	(9,823)	3,335,857	0.1095	3,653.86	<b>(6,169)</b>
	(7,690,766)	0.1334		3,357,987.87	0.1092		
<b>City of Sparta(Gallatin County)</b>	(8,023,292)	0.1333	(10,691)	3,380,119	0.1088	3,678.09	<b>(7,013)</b>
	(8,355,818)	0.1331		3,402,250.45	0.1085		
<b>Grant County</b>	(8,688,344)	0.1330		3,424,381.74	0.1081		<b>(68,797)</b>
Grant County	(9,020,870)	0.1329	(11,989)	3,446,513	0.1077	3,713.24	(8,275)
County School	(9,353,396)	0.1328	(12,419)	3,468,644	0.1074	3,724.64	(8,695)
Williamstown School	(9,685,922)	0.1327	0	3,490,776	0.1070	0.00	0
Library	(10,018,448)	0.1325	(13,279)	3,512,907	0.1067	3,746.96	(9,532)
Health	(10,350,973)	0.1324	(13,707)	3,535,038	0.1063	3,757.89	(9,949)
Extension Service	(10,683,499)	0.1323	(14,135)	3,557,169	0.1059	3,768.65	(10,366)
Soil Conservation	(11,016,025)	0.1322	(14,562)	3,579,301	0.1056	3,779.26	(10,782)
Mental Health	(11,348,551)	0.1321	(14,988)	3,601,432	0.1052	3,789.71	(11,198)
	(11,681,077)	0.1319		3623563.339	0.1049		
<b>Harrison County</b>	(12,013,603)	0.1318		3,645,694.63	0.1045		<b>(95,740)</b>
County	(12,346,129)	0.1317	(16,261)	3,667,826	0.1042	3,820.10	(12,441)
School	(12,678,655)	0.1316	(16,684)	3,689,957	0.1038	3,829.91	(12,854)
Library	(13,011,181)	0.1315	(17,106)	3,712,088	0.1034	3,839.56	(13,267)
Health	(13,343,706)	0.1314	(17,528)	3,734,220	0.1031	3,849.06	(13,678)
Extension Service	(13,676,232)	0.1312	(17,948)	3,756,351	0.1027	3,858.40	(14,090)
Soil Conservation	(14,008,758)	0.1311	(18,368)	3,778,482	0.1024	3,867.57	(14,500)
Fire	(14,341,284)	0.1310	(18,787)	3,800,614	0.1020	3,876.59	(14,910)
	(14,673,810)	0.1309		3822744.939	0.1016		
<b>Jessamine County</b>	(15,006,336)	0.1308		3,844,876.23	0.1013		<b>(121,488)</b>
County	(15,338,862)	0.1306	(20,039)	3,867,008	0.1009	3,902.69	(16,136)
School	(15,671,388)	0.1305	(20,455)	3,889,139	0.1006	3,911.08	(16,544)
Health	(16,003,914)	0.1304	(20,870)	3,911,270	0.1002	3,919.30	(16,950)
Library	(16,336,439)	0.1303	(21,284)	3,933,401	0.0998	3,927.37	(17,357)
Fire	(16,668,965)	0.1302	(21,697)	3,955,533	0.0995	3,935.28	(17,762)
N.Fire	(17,001,491)	0.1300	(22,110)	3,977,664	0.0991	3,943.02	(18,167)
<b>Ag Ext</b>	(17,334,017)	0.1299	(22,522)	3,999,795	0.0988	3,950.61	(18,571)
	(17,666,543)	0.1298		4021926.538	0.0984		
<b>Owen County</b>	(17,999,069)	0.1297		4,044,057.83	0.0981		<b>(124,696)</b>
Extension Service	(18,331,595)	0.1296	(23,753)	4,066,189	0.0977	3,972.43	(19,780)
General	(18,664,121)	0.1295	(24,161)	4,088,320	0.0973	3,979.38	(20,182)
Health	(18,996,647)	0.1293	(24,569)	4,110,452	0.0970	3,986.18	(20,583)
Library	(19,329,173)	0.1292	(24,977)	4,132,583	0.0966	3,992.82	(20,984)
Soil Conservation	(19,661,698)	0.1291	(25,383)	4,154,714	0.0963	3,999.29	(21,384)
School	(19,994,224)	0.1290	(25,788)	4,176,846	0.0959	4,005.61	(21,783)
	(20,326,750)	0.1289		4198976.849	0.0955		
<b>City of Monterey(Owen County)</b>	(20,659,276)	0.1287	(26,597)	4,221,108	0.0952	0.00	<b>(26,597)</b>
	(20,991,802)	0.1286		4243239.426	0.0948		
<b>City of Owenton(Owen County)</b>	(21,324,328)	0.12850	(27,403)	4,265,371	0.0945	4,029.30	<b>(23,373)</b>
	(21,656,854)	0.1284		4,287,502.00	0.0941		
<b>City of Sparta(Owen County)</b>	(21,989,380)	0.1283	(28,205)	4,309,633	0.0937	4,040.19	(24,165)
	(22,321,906)	0.1281		4331764.582	0.0934		
<b>Scott County</b>	(22,654,431)	0.1280		4,353,895.87	0.0930		<b>(130,660)</b>
County	(22,986,957)	0.1279	(29,403)	4,376,027	0.0927	4,055.34	(25,347)
Ext	(23,319,483)	0.1278	(29,800)	4,398,158	0.0923	4,060.07	(25,740)
Health	(23,652,009)	0.1277	(30,197)	4,420,290	0.0920	4,064.64	(26,133)
Library	(23,984,535)	0.1276	(30,593)	4,442,421	0.0916	4,069.06	(26,524)
School	(24,317,061)	0.1274	(30,989)	4,464,552	0.0912	4,073.31	(26,915)
	(24,649,587)	0.1273		4486683.603	0.0909		
<b>City of Georgetown</b>	(24,982,113)	0.1272	(31,777)	4,508,815	0.0905	4,081.35	<b>(27,695)</b>
	(25,314,639)	0.1271		4,530,946	0.0902		
<b>City of Sadleville</b>	(25,647,164)	0.1270	(32,562)	4,553,077	0.0898	4,088.74	<b>(28,473)</b>
	(25,979,690)	0.1268		4,575,209	0.0894		
<b>City of Stamping Ground</b>	(26,312,216)	0.1267	(33,344)	4,597,340	0.0891	4,095.51	<b>(29,248)</b>
	(26,644,742)	0.1266		4619471.336	0.0887		
<b>Woodford County</b>	(26,977,268)	0.1265		4,641,602.63	0.0884		<b>(188,194)</b>
School	(27,309,794)	0.1264	(34,510)	4,663,734	0.0880	4,104.45	(30,406)
County	(27,642,320)	0.1262	(34,898)	4,685,865	0.0876	4,107.13	(30,791)
Fire Dept	(27,974,846)	0.1261	(35,284)	4,707,996	0.0873	4,109.64	(31,175)
Library	(28,307,372)	0.1260	(35,670)	4,730,128	0.0869	4,112.00	(31,558)
Health Dept	(28,639,898)	0.1259	(36,055)	4,752,259	0.0866	4,114.18	(31,941)
Ext. Service	(28,972,423)	0.1258	(36,439)	4,774,390	0.0862	4,116.21	(32,323)
<b>Assessment</b>	<u>(99,562,094)</u>			<u>123,402,779</u>			<u>(179,712)</u>
							<b>2015</b>
				County/City Liability			(179,712.23)
				State Liability			1,029,633.65
				2016 Taxes Paid			<u>849,921.42</u>

Notes:

Property Tax Refunds

<b>Tax Authority</b>	<b>Refund Amount</b>	<b>Check Date</b>	<b>Tax Year</b>	<b>Reason for Refund</b>
Woodford County	3,143	1/6/2011	2008	2008 Amended Return
Scott County	3,784	2/14/2011	2008	2008 Amended Return
Fayette County	57,433	6/2/2011	2008	2008 Amended Return
Bourbon County	1,642	2/10/2012	2008	2008 Amended Return
Jessamine County	57	5/5/2014	2012	Tangible rate change from 0.1600 to 0.1300

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

- 114.** Reference the Kentucky American Water application. Provide support for the average PSC fee rate of .1901% referenced on page 25, line 10 of Ms. Bridwell's testimony.

**Response:**

The PSC fee rate of .1901% referenced on page 25, line 10 of Ms. Bridwell's testimony was based on the actual fee rate provided by the Commission. Please see the attachment for supporting calculation from the Commission.

FY16 Millage Memo Attachment (2) (2)

Millage Calculation Record for Fiscal Year 2016	
Public Service Commission FY 2016 General Fund Appropriation	\$ 17,000,000
KRS 278.150(1) Certification of Utility Gross Receipts	* \$ 8,941,566,811
Millage Rate Assessment based on gross receipts	1.901 mills

\* This information is certified by the Public Service Commission

PSC Millage Rate 2016

PSC FY 2016 General Fund Appropriation	\$170,000,000	
KRS 278.150(1) Cert of Utility Gross Receipts	8,941,566,811	
Millage Rate Assessment Based on Gross Rec	0.019012328	0.001901 mills



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**115.**   Reference the Kentucky American Water application. Provide support for the Taxes and Licenses adjustment of \$9,691 per page 25, line 15 of Ms. Bridwell's testimony.

**Response:**

Please see the response to Item 3 of the Commission Staff's First Request for Information, workpaper WP 5 – 4 Other General Taxes which provides support for the Taxes and Licenses adjustment of \$9,691.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Carl Meyers**

**116.** Reference the Kentucky American Water application generally. Does Kentucky American Water file its income taxes as part of a consolidated income tax group? If so, provide a list of all companies included in the consolidated income tax return of which Kentucky American Water is a member.

**Response:**

Yes, Kentucky American Water is a member of the American Water Works Company, Inc. consolidated income tax group. See the attached for a list of the companies included in the consolidated group.

American Water Works Company, Inc & Subs  
KAW\_R\_AGDR1\_NUM116\_Attachment

Name of corporation

American Water Works Company, Inc.  
American Water Enterprises, INC  
AAET  
American Water (USA), Inc.  
American Water Capital Corp.  
American Water Engineering  
American Water Enterprises Holding, INC  
American Water Operations and Maintenance  
American Water Resources Holdings Inc.  
American Water Resources of Florida  
American Water Resources of Texas  
American Water Services CDM  
American Water Works Service Company  
AWI Inc.  
AW Technologies Incorporated  
Bluefield Valley Water Works Company  
California-American Water Company  
E' Town Properties (aka Elizabethtown Properties)  
Edison Water Company  
Environmental Management Corporation  
Hawaii-American Water Company  
Illinois Lake -American Water Company  
Illinois-American Water Company  
Indiana-American Water Company  
Iowa-American Water Company  
Kentucky-American Water Company  
Laurel Oak Properties Corp  
Liberty Water Company  
Maryland-American Water Company  
Michigan-American Water Company  
Missouri-American Water Company  
Mt. Ebo Sewage Works  
New Jersey-American Water Company  
New York American Water Company  
Pennsylvania-American Water Company  
Tennessee-American Water Company  
Thames Water North America  
Virginia-American Water Company  
West Virginia-American Water Company

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Carl Meyers**

**117.**    Reference the Kentucky American Water application generally. For each company listed in the response to the previous question:

- a.        state if the company is regulated or non-regulated, and
- b.        provide a brief description of the services provided by each company.

**Response:**

See the attached.

American Water Works Company, Inc & Subs  
KAW\_R\_AGDR1\_NUM117\_Attachment

Name of corporation	Regulated/Non-Regulated	Description
American Water Works Company, Inc.	Non-Regulated	Parent company of American Water Works Company, Inc. (AWW)
American Water Enterprises, INC	Non-Regulated	Primary operating company for non-regulated businesses. Holds some contract services contracts
AAET	Non-Regulated	Contracting entity for carbon services
American Water (USA), Inc.	Non-Regulated	Holding company
American Water Capital Corp.	Non-Regulated	Provides financing services for AWW and its subsidiaries
American Water Engineering	Non-Regulated	Provides engineering consulting services
American Water Enterprises Holding, Inc	Non-Regulated	Holding company for non-regulated businesses. Holds contracts in LA and GA.
American Water Operations and Maintenance	Non-Regulated	Contract design, build, and maintain water and wastewater facilities
American Water Resources Holdings Inc.	Non-Regulated	Holding company for AWR of Florida and AWR of Texas
American Water Resources of Florida	Non-Regulated	Sells and services home maintenance and repair projects in the state of Florida
American Water Resources of Texas	Non-Regulated	Sells and services home maintenance and repair projects in the state of Texas
American Water Services CDM	Non-Regulated	Joint venture operating the Tolt Water Treatment facility in Seattle, WA
American Water Works Service Company	Non-Regulated	Provides professional services for water and wastewater entities
AWI Inc.	Non-Regulated	Captive insurance company
AW Technologies Incorporated	Non-Regulated	Operating company that primarily provides wastewater reuse solutions and services
Bluefield Valley Water Works Company	Regulated	Water and/or wastewater utility
California-American Water Company	Regulated	Water and/or wastewater utility
E' Town Properties (aka Elizabethtown Properties)	Non-Regulated	Holds real estate for development and/or sale
Edison Water Company	Non-Regulated	Manages water contract with Township of Edison, NJ
Environmental Management Corporation	Non-Regulated	Design, build, and operate water and wastewater assets for industrial/municipal customers
Hawaii-American Water Company	Regulated	Water and/or wastewater utility
Illinois Lake -American Water Company	Non-Regulated	Water transmission pipeline company
Illinois-American Water Company	Regulated	Water and/or wastewater utility
Indiana-American Water Company	Regulated	Water and/or wastewater utility
Iowa-American Water Company	Regulated	Water and/or wastewater utility
Kentucky-American Water Company	Regulated	Water and/or wastewater utility
Laurel Oak Properties Corp	Non-Regulated	Holds real estate for development and/or sale
Liberty Water Company	Non-Regulated	Manages water contract with City of Elizabeth, NJ
Maryland-American Water Company	Regulated	Water and/or wastewater utility
Michigan-American Water Company	Regulated	Water and/or wastewater utility
Missouri-American Water Company	Regulated	Water and/or wastewater utility
Mt. Ebo Sewage Works	Regulated	Water and/or wastewater utility
New Jersey-American Water Company	Regulated	Water and/or wastewater utility
New York American Water Company	Regulated	Water and/or wastewater utility
Pennsylvania-American Water Company	Regulated	Water and/or wastewater utility
Tennessee-American Water Company	Regulated	Water and/or wastewater utility
Thames Water North America	Non-Regulated	Water and/or wastewater services
Virginia-American Water Company	Regulated	Water and/or wastewater utility
West Virginia-American Water Company	Regulated	Water and/or wastewater utility

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Carl Meyers**

**118.** Reference the Kentucky American Water application generally. If the Company files its taxes as part of a consolidated group, provide a copy of the tax sharing agreement that determines how payments of each entity to the parent company are determined.

**Response:**

See the attachment for the tax sharing policy, which is confidential. The attachment contains confidential information and is subject to a petition for confidential treatment.

**ATTACHMENT TO KAW\_R\_AGDR1\_NUM118\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:** Carl Meyers

- 119.** Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, provide the taxable income or tax loss incurred by each company included in the consolidated income tax return of which Kentucky American Water was a member for each of the past ten years.

**Response:**

See the attachment for the taxable income of each company in the American Water Works Company, Inc. consolidated group for the last ten years. The attachment to this question contains confidential information and is subject to a petition for confidential treatment.



**ATTACHMENT TO KAW\_R\_AGDR1\_NUM119\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:** Carl Meyers

**120.** Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, provide, for each of the past ten years, the actual income taxes paid by the consolidated group to the IRS.

**Response:**

The response to this question contains confidential information and is subject to a petition for a confidential treatment.

**CONFIDENTIAL RESPONSE:**



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Carl Meyers**

**121.** Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, provide, for each of the past ten years:

- a. the federal income taxes booked by Kentucky American Water, and
- b. the amount of any payment made by Kentucky American Water to the parent company or other entity relating to the tax sharing agreement among members of the consolidated group.

**Response:**

- a. See the attachment for the current federal income tax for Kentucky American Water. This is 35% of their taxable income shown in the attachment to Item 119 of this same request.
- b. See attached to the response to Item 122 of this same request for the tax sharing amounts that show what Kentucky American Water paid/received to/from the parent company. All the companies in the group pay up to or receive from the parent company. No tax payments or allocations are made to other members of the consolidated group.

Kentucky American Water  
KAW\_R\_AGDR1\_NUM121\_Attachment

Tax Year	Current Federal Income Tax
2006	2,780,709
2007	1,905,310
2008	(2,605,425)
2009	3,295,943
2010	(293,612)
2011	1,347,556
2012	3,308,750
2013	5,271,347
2014	145,517
2015 estimate	4,993,267

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Carl R. Meyers**

- 122.** Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, state the amount paid to each loss company by the parent or other subsidiary in each of the past ten years in compensation for tax losses incurred by that member, as well as the total payments made to members by the consolidated group.

**Response:**

See the attachment for the tax sharing amounts for the American Water Works Company, Inc. consolidated group for the last ten years. This attachment is confidential and is subject to a petition for confidential protection. Year 2015 is an estimate based on the group's year end tax provision while all the other years are based on the tax returns. As stated in response to Item 121 of this same request, Kentucky American Water, as well as the other members of the consolidated group, either pays to or receives from the parent company, not between members of the group.

**ATTACHMENT TO KAW\_R\_AGDR1\_NUM122\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Carl Meyers**

- 123.** Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, quantify the amount of any tax loss carryforward currently available to the consolidated group, and identify the period(s) over which these tax loss carryforwards are available to be used by the consolidated group.

**Response:**

Please see the attachment for the consolidated NOL carryforward, the years generated and the years each are set to expire. The attachment to this question contains confidential information and is subject to a petition for confidential treatment.

**ATTACHMENT TO KAW\_R\_AGDR1\_NUM123\_032416  
FILED UNDER SEAL PURSUANT TO PETITION FOR  
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**



**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

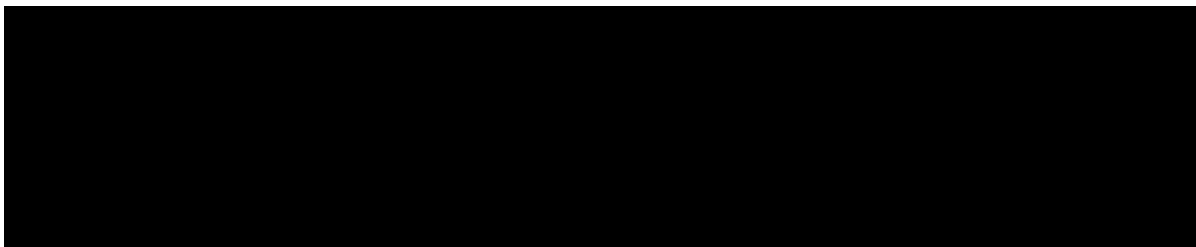
**Witness:** Carl Meyers

**124.** Reference the Kentucky American Water application generally. Provide the amount of income taxes that the consolidated group, as well as Kentucky American Water, expects to pay to the IRS for 2015, 2016, and 2017. Provide supporting calculations with your response.

**Response:**

This response is confidential and is subject to a petition for confidential treatment.

**CONFIDENTIAL RESPONSE:**



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Carl Meyers**

**125.** Reference the Kentucky American Water application generally. Has the Company included an NOL adjustment in its deferred income tax reserve claim? If so, quantify the NOL adjustment and provide all supporting workpapers and calculations.

**Response:**

Kentucky American has included an NOL adjustment in its deferred income tax reserve claim. It is included in the base period amount and is the balance as of Oct 2015. This amount is a deferred tax asset of \$1,329,935. This is the tax effect of the cumulative NOL carryforward for Kentucky American Water after the filing of the 2014 tax return. No additional change in the NOL was calculated for the forecast period. See the attachment for the Kentucky American Water cumulative NOL and tax effect.

Kentucky American Water  
Cumulative Net Operating Loss carryforward  
KAW\_R\_AGDR1\_NUM125\_Attachment

Year Generated	2008	2010	2012	2013	Actual 2014 CUMULATIVE NOL	Asset / (Liability) Tax Effect
Remaining NOL	(2,453,235)	(356,681)	(61,814)	(928,084)	(3,799,814)	1,329,935

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:** Carl Meyers

- 126.** Reference the Kentucky American Water application. Identify the amount of the FIN 48 liability, if any, included in the Company's rate base claim and state if the entire liability is related to the change in the accounting method for repairs and maintenance costs.

**Response:**

Kentucky American has included a piece of its FIN 48 liability in its deferred income taxes included in rate base. It is included in the base period amount and is the balance as of Oct 2015. This amount is a deferred tax asset of \$2,219,021. No additional change for FIN 48 was calculated for the forecast period. The whole amount relates to the Company's change in accounting method for repairs and maintenance costs.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Carl Meyers**

**127.** Reference the Kentucky American Water application. Provide a narrative update regarding the status of any outstanding tax issues for which a FIN 48 liability has been included in the Company's rate base claim.

**Response:**

The Company's FIN 48 amount included in deferred taxes and therefore included in rate base is based on the repairs deduction methodology taken on the 2008 through 2014 tax returns. The process of calculating the liability has not changed since 2008. The only changes to the amount over time is due to additional repairs deductions taken each year on the tax returns and an adjustment to reduce the liability for additional depreciation allowed on the prior years' deductions.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:** Carl Meyers

**128.** Reference the Kentucky American Water application generally. For each of the past five years and as projected for the Base Period and the Test Period, provide the Alternative Minimum Tax (if any) paid by the Company and/or the Consolidated Income Tax Group.

**Response:**

This response is confidential and is subject to a petition for confidential treatment.

**CONFIDENTIAL RESPONSE:**



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**129.** Reference the Kentucky American Water application generally. Provide calculations supporting the Company's AFUDC rate for each month of the Base Period and Test Period.

**Response:**

Please refer to the attachment for the calculation of the AFUDC rate which has been utilized in the case.

**Kentucky American Water Company**  
**AFUDC Rate Calculations**

**Base Year**

**Authorized Per Case No. 2012-00520**

	<u>Cost p. 53 Order</u>	<u>Ratio p. 53 Order</u>	<u>Weighted Cost</u>
Short-Term Debt	0.50%	2.39%	0.01%
Long-Term Debt	6.06%	51.75%	3.14%
Preferred Stock	8.52%	1.17%	0.10%
Common Equity	9.70%	44.70%	4.34%
		<b>Sum</b>	<b>7.59%</b>

Effective Tax Rate 38.90%

Total Weighted  
Equity Cost  
(Common Equity +  
Equity Portion Pref  
Stock Per Filing) 4.440%  
Cost of Equity / Cost of Capital 58.50%

**Forecasted Year**

**Case No. 2015-00418**

	<u>Weighted Cost</u>
Short-Term Debt	0.02%
Long-Term Debt	3.06%
Preferred Equity	0.05%
Common Equity	5.09%
	<b>Sum</b>
	<b>8.22%</b>

Effective Tax Rate 38.90%

Total Weighted Equity  
Cost (Common Equity +  
Equity Portion Pref  
Stock Per Filing) 5.140%  
Cost of Equity / Cost of Capital 62.53%



**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2015-00418  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Scott Rungren**

**130.** Reference the Kentucky American Water application generally. Does the Company include short-term debt in its AFUDC calculation? If not, explain why short-term debt is not included.

**Response:**

Kentucky American Water did include short-term debt in its AFUDC calculation.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 131.** Reference the Kentucky American Water application generally. Identify any plant held for future use included in the Company's rate base. For each such plant asset, include:
- a.      the date that the asset was acquired,
  - b.      a description of the asset and its eventual use,
  - c.      the date by which the asset is expected to be put into service, and
  - d.      a description of any current activities relating to preparing the asset to enter utility service.

**Response:**

a-d. Kentucky American Water did not include plant held for future use in the Company's rate base.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

**132.** Reference the Kentucky American Water application generally. Provide a five-year history of gains and losses of asset dispositions and state how such gains/losses are reflected for ratemaking purposes.

**Response:**

Please see below. There are no gains/losses of asset dispositions included in the Base Period or Forecast Year.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gains/Losses on Sale of Assets	\$0	(\$18,600)	\$0	\$0	(\$33,080)

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness: Brent O'Neill**

- 133.** Reference the Kentucky American Water application generally. For each of the past ten years, provide the capital expenditures approved by the Board of Directors and the actual capital expenditures. Provide this information separately by:
- a. normal recurring construction,
  - b. construction projects funded by others, and
  - c. major investment projects.

**Response:**

- a. Please see the attached file.
- b. Please see the attached file.
- c. Please see the attached file.

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2015

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,452,788	\$ 2,000,000	\$ 452,788
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>2,452,788</b>	<b>2,000,000</b>	<b>452,788</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 688,393	\$ 750,000	\$ (61,607)
B	MAINS - REPLACED/RESTORED	\$ 5,268,365	\$ 3,117,000	\$ 2,151,365
C	MAINS - UNSCHEDULED	\$ 198,121	\$ 335,000	\$ (136,879)
D	MAINS - RELOCATED	\$ 456,058	\$ 785,000	\$ (328,942)
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 158,724	\$ 200,100	\$ (41,376)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 1,517,543	\$ 332,150	\$ 1,185,393
G	SERVICES AND LATERALS - NEW	\$ 968,162	\$ 1,030,080	\$ (61,918)
H	SERVICES AND LATERALS - REPLACED	\$ 400,865	\$ 650,000	\$ (249,135)
I	METERS - NEW	\$ 618,848	\$ 542,412	\$ 76,436
J	METERS - REPLACED	\$ 551,455	\$ 937,917	\$ (386,462)
K	ITS EQUIPMENT AND SYSTEMS	\$ 136,935	\$ 131,221	\$ 5,714
L	SCADA EQUIPMENT AND SYSTEMS	\$ 305,610	\$ 140,000	\$ 165,610
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 165,138	\$ 245,000	\$ (79,862)
N	OFFICES AND OPERATIONS CENTERS	\$ 93,664	\$ 150,000	\$ (56,336)
O	VEHICLES	\$ 584,522	\$ 552,000	\$ 32,522
P	TOOLS AND EQUIPMENT	\$ 567,056	\$ 305,000	\$ 262,056
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 2,311,469	\$ 1,454,875	\$ 856,594
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ -	\$ -	\$ -
S	ENGINEERING STUDIES	\$ 449,091	\$ 42,020	\$ 407,071
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>15,440,019</b>	<b>11,699,775</b>	<b>3,740,244</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
I12-020010	Leestown Road	\$ (2,903)	\$ -	\$ (2,903)
I12-020011	New Circle Rd Main Relocation	\$ 2,450,776	\$ 1,009,593	\$ 1,441,183
I12-020012	KRS High Service Pumps	\$ 727,565	\$ -	\$ 727,565
I12-020017	KRS Valve House Rehabilitation	\$ 964,373	\$ -	\$ 964,373
I12-020056	KRS Valve House 2	\$ 496,064	\$ -	\$ 496,064
I12-020032	RRS Filter Building Replacement	\$ 10,539,887	\$ 11,925,000	\$ (1,385,113)
I12-020033	KY 341 Interconnect	\$ 460,667	\$ -	\$ 460,667
I12-020040	KRS Valve House Rehabilitation Ph 2	\$ -	\$ 1,000,000	\$ (1,000,000)
I12-020043	Athens Boonesboro main Extension	\$ -	\$ 400,000	\$ (400,000)
I12-020045	Main Office Roof Replacement	\$ 2,506	\$ -	\$ 2,506
I12-020046	KRS I Raw Water Intake Actuator Repl	\$ 191,174	\$ -	\$ 191,174
I12-020047	Field Ops Road Replacement	\$ 18,809	\$ -	\$ 18,809
I12-020048	Security Upgrades Richmond Rd Campus	\$ 31,242	\$ -	\$ 31,242
I12-020057	Sludge Thickener Drive Upgrade	\$ 521,564	\$ -	\$ 521,564
I12-020058	KRS2 Intake Pump Replacement	\$ 601,163	\$ -	\$ 601,163
I12-020059	KRS2 Transfer Switch	\$ 66,400	\$ -	\$ 66,400
I12-020060	KRS Reeves Drive	\$ 5,740	\$ -	\$ 5,740
I12-300003	Northern Division Connection	\$ 49,119	\$ -	\$ 49,119
T12-0102	Business Transformation	\$ (228,820)	\$ -	\$ (228,820)
R12-K	ITS Centrally Sponsored	\$ 1,690,479	\$ -	\$ 1,690,479
I12-000001	Acquisitions	\$ -	\$ 1,279,427	\$ (1,279,427)
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>18,585,805</b>	<b>15,614,020</b>	<b>2,971,785</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2014

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 3,214,462	\$ 1,890,900	\$ 1,323,562
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>3,214,462</b>	<b>1,890,900</b>	<b>1,323,562</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 982,178	\$ 449,956	\$ 532,222
B	MAINS - REPLACED/RESTORED	\$ 3,662,352	\$ 5,106,000	\$ (1,443,648)
C	MAINS - UNSCHEDULED	\$ 291,349	\$ 275,484	\$ 15,865
D	MAINS - RELOCATED	\$ 921,918	\$ 515,079	\$ 406,839
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 201,082	\$ 201,500	\$ (418)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 759,112	\$ 340,764	\$ 418,348
G	SERVICES AND LATERALS - NEW	\$ 562,611	\$ 1,101,429	\$ (538,818)
H	SERVICES AND LATERALS - REPLACED	\$ 397,836	\$ 451,903	\$ (54,067)
I	METERS - NEW	\$ 313,704	\$ 545,701	\$ (231,997)
J	METERS - REPLACED	\$ 802,895	\$ 1,194,748	\$ (391,853)
K	ITS EQUIPMENT AND SYSTEMS	\$ 287,264	\$ 279,455	\$ 7,809
L	SCADA EQUIPMENT AND SYSTEMS	\$ 40,279	\$ 131,313	\$ (91,034)
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 157,258	\$ 157,575	\$ (317)
N	OFFICES AND OPERATIONS CENTERS	\$ 207,245	\$ 126,060	\$ 81,185
O	VEHICLES	\$ 691,672	\$ 562,018	\$ 129,654
P	TOOLS AND EQUIPMENT	\$ 241,065	\$ 303,463	\$ (62,398)
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 3,162,463	\$ 1,242,000	\$ 1,920,463
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ -	\$ -	\$ -
S	ENGINEERING STUDIES	\$ 261,770	\$ 42,020	\$ 219,750
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>13,944,053</b>	<b>13,026,468</b>	<b>917,585</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
I12-020001	WTP for Pool 3	\$ 33,935	\$ -	\$ 33,935
I12-020007	North Upper St Main Repl	\$ -	\$ 1,000,000	\$ (1,000,000)
I12-020010	Leestown Road	\$ 152,963	\$ -	\$ 152,963
I12-020011	New Circle Rd Main Relocation	\$ 287,933	\$ 1,099,899	\$ (811,966)
I12-020017	KRS Valve House Rehabilitation	\$ 691,347	\$ 1,000,000	\$ (308,653)
I12-020025	Pump Efficiency Repl Phase 1	\$ 18,370	\$ -	\$ 18,370
I12-020027	Russell Cave Rd	\$ (2,188)	\$ -	\$ (2,188)
I12-020032	RRS Filter Building Replacement	\$ 709,175	\$ 775,000	\$ (65,825)
I12-020033	KY 341 Interconnect	\$ 758,006	\$ 586,021	\$ 171,985
I12-020034	RRS Chlorine Scrubber	\$ 20,317	\$ -	\$ 20,317
I12-020036	Storage Tank and System Nitrification	\$ -	\$ 350,000	\$ (350,000)
I12-020045	Main Office Roof Replacement	\$ 391,301	\$ -	\$ 391,301
I12-020046	KRS I Raw Water Intake Actuator Repl	\$ 487,670	\$ -	\$ 487,670
I12-020047	Field Ops Road Replacement	\$ 333,943	\$ -	\$ 333,943
I12-020048	Security Upgrades Richmond Rd Campus	\$ 428,512	\$ -	\$ 428,512
I12-300003	Northern Division Connection	\$ 369,307	\$ 118,110	\$ 251,197
I12-300005	Fairgrounds Tank Area	\$ -	\$ 500,000	\$ (500,000)
T12-0102	Business Transformation	\$ 350,389	\$ 117,256	\$ 233,133
T12-0103	Business Transformation Other	\$ 32	\$ -	\$ 32
R12-K	ITS Centrally Sponsored Acquisitions	\$ 1,336,514	\$ 319,464	\$ 1,017,050
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>6,367,526</b>	<b>6,508,099</b>	<b>(140,573)</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2013

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 1,972,625	\$ 1,726,546	\$ 246,079
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>1,972,625</b>	<b>1,726,546</b>	<b>246,079</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 849,856	\$ 259,999	\$ 589,857
B	MAINS - REPLACED/RESTORED	\$ 1,645,060	\$ 2,000,000	\$ (354,940)
C	MAINS - UNSCHEDULED	\$ 369,365	\$ 275,484	\$ 93,881
D	MAINS - RELOCATED	\$ 165,758	\$ 480,079	\$ (314,321)
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 151,975	\$ 184,993	\$ (33,018)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 628,707	\$ 305,696	\$ 323,011
G	SERVICES AND LATERALS - NEW	\$ 922,914	\$ 1,042,445	\$ (119,531)
H	SERVICES AND LATERALS - REPLACED	\$ 655,250	\$ 1,011,321	\$ (356,071)
I	METERS - NEW	\$ 747,902	\$ 504,240	\$ 243,662
J	METERS - REPLACED	\$ 2,691,058	\$ 2,862,739	\$ (171,681)
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	\$ 1,201,991	\$ 180,805
R	CAPITALIZED TANK REHABILITATION/PAINTING		\$ -	\$ -
S	ENGINEERING STUDIES	\$ 54,556	\$ 42,020	\$ 12,536
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>12,711,637</b>	<b>12,764,455</b>	<b>(52,818)</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
I12-020001	New WTP On Pool 3 of Kentucky	\$ 29,379	\$ -	\$ 29,379
I12-020009	US 25 Relocation - Item 7-122.50	\$ (1,612,868)	\$ -	\$ (1,612,868)
I12-020010	Leestown Road - Item 7-223.00	\$ 1,284,533	\$ -	\$ 1,284,533
I12-020025	Pump Efficiency Repl Phase 1	\$ 2,570,262	\$ -	\$ 2,570,262
I12-020026	Pump Efficiency Repl Phase 2	\$ -	\$ 600,000	\$ (600,000)
I12-020027	Russell Cave Rd Sys Improvements	\$ 38,957	\$ -	\$ 38,957
I12-020032	RRS Filter Building Replacement	\$ 54,256	\$ -	\$ 54,256
I12-020033	KY 341 Interconnect	\$ 86,925	\$ -	\$ 86,925
I12-020034	RRS Chlorine Scrubber	\$ 291,365	\$ -	\$ 291,365
I12-300003	Northern Division Connection	\$ 10,920,412	\$ 8,959,758	\$ 1,960,654
T12-0102	Business Transformation	\$ 2,355,991	\$ 1,694,289	\$ 661,702
T12-0103	Business Transformation Other	\$ 145,601	\$ 32,257	\$ 113,344
I12--010001	IP Project Unbudgeted Capital	\$ (5,255)		\$ (5,255)
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>16,159,558</b>	<b>11,286,304</b>	<b>4,873,254</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2012

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,252,402	\$ 1,600,000	\$ 652,402
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>2,252,402</b>	<b>1,600,000</b>	<b>652,402</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 52,013	\$ 500,000	\$ (447,987)
B	MAINS - REPLACED/RESTORED	\$ 673,049	\$ 1,015,300	\$ (342,251)
C	MAINS - UNSCHEDULED	\$ 372,392	\$ 239,400	\$ 132,992
D	MAINS - RELOCATED	\$ (75,499)	\$ 1,050,300	\$ (1,125,799)
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 93,539	\$ 210,000	\$ (116,461)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 229,888	\$ 205,000	\$ 24,888
G	SERVICES AND LATERALS - NEW	\$ 910,629	\$ 1,079,580	\$ (168,951)
H	SERVICES AND LATERALS - REPLACED	\$ 449,290	\$ 1,605,000	\$ (1,155,710)
I	METERS - NEW	\$ 894,302	\$ 1,200,000	\$ (305,698)
J	METERS - REPLACED	\$ 3,601,691	\$ 2,050,000	\$ 1,551,691
K	ITS EQUIPMENT AND SYSTEMS	\$ 712,828	\$ 265,850	\$ 446,978
L	SCADA EQUIPMENT AND SYSTEMS	\$ 1,029,901	\$ 659,025	\$ 370,876
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 21,266	\$ 20,000	\$ 1,266
N	OFFICES AND OPERATIONS CENTERS	\$ 465,392	\$ 80,000	\$ 385,392
O	VEHICLES	\$ 925,249	\$ 500,000	\$ 425,249
P	TOOLS AND EQUIPMENT	\$ 243,251	\$ 220,500	\$ 22,751
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,962,058	\$ 1,095,000	\$ 867,058
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ -	\$ -	\$ -
S	ENGINEERING STUDIES	\$ (267,774)	\$ 120,000	\$ (387,774)
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>12,293,465</b>	<b>12,114,955</b>	<b>178,510</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
I12-020001	New WTP On Pool 3 of Kentucky	\$ 2,854	\$ -	\$ 2,854
IP-1202-6	Carrick Pike Main Extension	\$ -	\$ 50,000	\$ (50,000)
IP-1202-9	Todds and Cleveland Rd Main Ext	\$ -	\$ 799,594	\$ (799,594)
I12-0020009	US 25 Relocation	\$ 1,225,541	\$ 439,188	\$ 786,353
I12-0200010	Leestown Road	\$ 228,927	\$ 809,540	\$ (580,613)
IP-1202-20	KY Major Highway	\$ -	\$ 655,000	\$ (655,000)
I12-020027	Russell Cave Road Sys Impr	\$ 89,292	\$ -	\$ 89,292
I12-020025	Pump Efficiency Replacement Phase 1	\$ 953,765	\$ 775,348	\$ 178,417
IP-1202-37	Pump Efficiency Replacement Phase 2	\$ -	\$ 775,002	\$ (775,002)
I12-300003	Northern Division Connection	\$ 3,978,519	\$ 3,830,000	\$ 148,519
IP-1232-3	Northern Division Connection	\$ (346,828)	\$ -	\$ (346,828)
CS-1201-1	Business Transformation CPS	\$ -	\$ -	\$ -
T12-0102-P	Business Transformation	\$ 3,835,463	\$ 4,130,414	\$ (294,951)
T12-0103-P	Business Transformation Other	\$ 562,289	\$ 91,026	\$ 471,263
	Acquisitions	\$ -	\$ 131,369	\$ (131,369)
I12-010001	IP Project Unbudgeted Capital	\$ (214)	\$ -	\$ (214)
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>10,529,608</b>	<b>12,486,481</b>	<b>(1,956,873)</b>



Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2011

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>PROJECTS FUNDED BY OTHERS</b>				
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 1,820,568	\$ 2,300,000	\$ (479,432)
<i>TOTAL PROJECTS FUNDED BY OTHERS</i>		<i>1,820,568</i>	<i>2,300,000</i>	<i>(479,432)</i>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>RECURRING CONSTRUCTION ITEMS</b>				
A	MAINS - NEW	\$ 165,527	\$ 489,000	\$ (323,473)
B	MAINS - REPLACED/RESTORED	\$ 1,884,555	\$ 1,005,300	\$ 879,255
C	MAINS - UNSCHEDULED	\$ 272,449	\$ 138,500	\$ 133,949
D	MAINS - RELOCATED	\$ 375,492	\$ 1,050,300	\$ (674,808)
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 148,799	\$ 195,000	\$ (46,201)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 283,383	\$ 131,500	\$ 151,883
G	SERVICES AND LATERALS - NEW	\$ 592,606	\$ 750,000	\$ (157,394)
H	SERVICES AND LATERALS - REPLACED	\$ 633,636	\$ 267,000	\$ 366,636
I	METERS - NEW	\$ 861,939	\$ 600,000	\$ 261,939
J	METERS - REPLACED	\$ 5,403,895	\$ 3,769,751	\$ 1,634,144
K	ITS EQUIPMENT AND SYSTEMS	\$ 175,356	\$ 155,540	\$ 19,816
L	SCADA EQUIPMENT AND SYSTEMS	\$ 1,088,482	\$ 200,000	\$ 888,482
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 51,694	\$ 20,000	\$ 31,694
N	OFFICES AND OPERATIONS CENTERS	\$ 548,021	\$ 80,000	\$ 468,021
O	VEHICLES	\$ 559,415	\$ 500,000	\$ 59,415
P	TOOLS AND EQUIPMENT	\$ 160,725	\$ 160,000	\$ 725
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,891,192	\$ 1,085,000	\$ 806,192
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ 197,663	\$ -	\$ 197,663
S	ENGINEERING STUDIES	\$ 470,794	\$ 400,000	\$ 70,794
<i>TOTAL RECURRING CONSTRUCTION ITEMS</i>		<i>15,765,624</i>	<i>10,996,891</i>	<i>4,768,733</i>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>INVESTMENT PROJECTS</b>				
12020204	Source of Supply Project Dev	\$ -		\$ -
12020607	New WTP On Pool 3 of Kentucky	\$ 713,639	\$ 200,000	\$ 513,639
IP-1202-5	North Broadway Main Replacement	\$ (79,129)		\$ (79,129)
IP-1202-6	Carrick Pike Main Extension	\$ (129,989)	\$ 980,513	\$ (1,110,502)
IP-1202-17	South Limestone Replacement	\$ (108)		\$ (108)
IP-1202-18	US 25 Relocation	\$ 415,236	\$ 897,983	\$ (482,747)
IP-1202-19	Leestown Road	\$ 666,047	\$ 1,263,746	\$ (597,699)
IP-1202-21	KRS High Service Pumping	\$ -	\$ 660,000	\$ (660,000)
IP-1202-31	KRS Raw Water Access	\$ -	\$ 1,000,000	\$ (1,000,000)
IP-1202-32	Lexington Operations Center	\$ 138,043		\$ 138,043
IP-1202-38	Russell Cave Road Sys Impr	\$ 447,814		\$ 447,814
IP-1232-3	Northern Division Connection	\$ 344,375	\$ 4,700,000	\$ (4,355,625)
IP-1233-1	Owenton WWTP Phosphorous	\$ -	\$ 140,000	\$ (140,000)
CS-1201-3	Business Transformation	\$ 3,511,544	\$ 2,304,462	\$ 1,207,082
CS-1201-4	Business Transformation Other	\$ 300,972		\$ 300,972
	Acquisitions	\$ -	\$ 114,262	\$ (114,262)
IP-1232-1	Owenton Chemical Bulk Storage/Owenton Post Acquisition Phase 2	\$ (83,705)		\$ (83,705)
IP-1201-9	IP Project Unbudgeted Capital	\$ (1,091)		\$ (1,091)
<i>TOTAL INVESTMENT PROJECTS</i>		<i>6,243,649</i>	<i>12,260,966</i>	<i>(6,017,317)</i>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2010

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>PROJECTS FUNDED BY OTHERS</b>				
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,112,707	\$ 3,560,000	\$ (1,447,293)
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>2,112,707</b>	<b>3,560,000</b>	<b>(1,447,293)</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>RECURRING CONSTRUCTION ITEMS</b>				
A	MAINS - NEW	\$ 82,273	\$ 400,000	\$ (317,727)
B	MAINS - REPLACED/RESTORED	\$ 999,914	\$ 565,000	\$ 434,914
C	MAINS - UNSCHEDULED	\$ 269,042	\$ 244,400	\$ 24,642
D	MAINS - RELOCATED	\$ 727,693	\$ 950,000	\$ (222,307)
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 107,571	\$ 200,000	\$ (92,429)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 162,530	\$ 175,000	\$ (12,470)
G	SERVICES AND LATERALS - NEW	\$ 611,401	\$ 874,660	\$ (263,259)
H	SERVICES AND LATERALS - REPLACED	\$ 294,286	\$ 1,240,975	\$ (946,689)
I	METERS - NEW	\$ 436,640	\$ 971,340	\$ (534,700)
J	METERS - REPLACED	\$ 2,666,027	\$ 1,584,929	\$ 1,081,098
K	ITS EQUIPMENT AND SYSTEMS	\$ 139,408	\$ 111,090	\$ 28,318
L	SCADA EQUIPMENT AND SYSTEMS	\$ 487,125	\$ 103,500	\$ 383,625
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 25,405	\$ 10,000	\$ 15,405
N	OFFICES AND OPERATIONS CENTERS	\$ 147,296	\$ 80,000	\$ 67,296
O	VEHICLES	\$ 814,084	\$ 250,000	\$ 564,084
P	TOOLS AND EQUIPMENT	\$ 129,297	\$ 117,000	\$ 12,297
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,882,344	\$ 750,000	\$ 1,132,344
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ (11,628)	\$ -	\$ (11,628)
S	ENGINEERING STUDIES	\$ (46)	\$ 100,000	\$ (100,046)
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>9,970,662</b>	<b>8,727,894</b>	<b>1,242,768</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>INVESTMENT PROJECTS</b>				
12020204	Source of Supply Project Dev	\$ (2,114,108)	\$ 128,360	\$ (2,242,468)
12020607	New WTP On Pool 3 of Kentucky	\$ 30,789,847	\$ 29,181,785	\$ 1,608,062
12020702	KY Major Highway	\$ (91,967)	\$ -	\$ (91,967)
IP-1202-5	North Broadway Main Replacement	\$ 1,565,365	\$ 1,151,929	\$ 413,436
IP-1202-6	Carrick Pike Main Extension	\$ 41,893	\$ -	\$ 41,893
IP-1202-17	South Limestone Replacement	\$ 549,929	\$ 532,854	\$ 17,075
IP-1202-18	US 25 Relocation	\$ 1,215,244	\$ 3,200,000	\$ (1,984,756)
IP-1202-19	Leestown Road	\$ 243,564	\$ -	\$ 243,564
IP-1202-31	KRS Raw Water Access	\$ -	\$ 50,000	\$ (50,000)
IP-1202-32	Lexington Operations Center	\$ 2,670,832	\$ -	\$ 2,670,832
CS-1201-1	Business Transformation CPS	\$ 984	\$ -	\$ 984
CS-1201-3	Business Transformation CPS	\$ 1,011,336	\$ 4,036,079	\$ (3,024,743)
IP-1201-10	Unallocated Eng Clearing	\$ (943)	\$ -	\$ (943)
12020201	Leestown Rd Main Improvements	\$ (150,955)	\$ -	\$ (150,955)
12020402	KY Major Highway Relocations	\$ (36,977)	\$ -	\$ (36,977)
IP-1201-9	IP Project Unbudgeted Capital	\$ (989)	\$ -	\$ (989)
	Acquisitions	\$ -	\$ 168,000	\$ (168,000)
		\$ -	\$ -	\$ -
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>35,693,055</b>	<b>38,449,007</b>	<b>(2,755,951)</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2009

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,547,151	\$ 4,700,000	\$ (2,152,849)
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>2,547,151</b>	<b>4,700,000</b>	<b>(2,152,849)</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 641,032	\$ 560,000	\$ 81,032
B	MAINS - REPLACED/RESTORED	\$ 592,723	\$ 1,005,300	\$ (412,577)
C	MAINS - UNSCHEDULED	\$ 198,334	\$ 239,400	\$ (41,066)
D	MAINS - RELOCATED	\$ 1,540,243	\$ 1,005,300	\$ 534,943
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 65,173	\$ 192,000	\$ (126,827)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 182,671	\$ 150,000	\$ 32,671
G	SERVICES AND LATERALS - NEW	\$ 1,297,273	\$ 980,000	\$ 317,273
H	SERVICES AND LATERALS - REPLACED	\$ 735,602	\$ 1,400,000	\$ (664,398)
I	METERS - NEW	\$ 615,748	\$ 1,215,048	\$ (599,300)
J	METERS - REPLACED	\$ 1,904,052	\$ 2,000,000	\$ (95,948)
K	ITS EQUIPMENT AND SYSTEMS	\$ 117,123	\$ 102,000	\$ 15,123
L	SCADA EQUIPMENT AND SYSTEMS	\$ 64,074	\$ 90,000	\$ (25,926)
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 14,280	\$ 10,000	\$ 4,280
N	OFFICES AND OPERATIONS CENTERS	\$ 1,039,331	\$ 560,000	\$ 479,331
O	VEHICLES	\$ 141,312	\$ 500,000	\$ (358,688)
P	TOOLS AND EQUIPMENT	\$ 51,035	\$ 257,200	\$ (206,165)
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 720,748	\$ 800,000	\$ (79,252)
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ 58,420	\$ 40,000	\$ 18,420
S	ENGINEERING STUDIES	\$ 38,832	\$ 150,000	\$ (111,168)
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>10,018,007</b>	<b>11,256,248</b>	<b>(1,238,241)</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 19,206	\$ -	\$ 19,206
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 106,607	\$ 64,200	\$ 42,407
03-02	MAJOR HIGHWAY RELOCATIONS	\$ 267,429	\$ -	\$ 267,429
04-02	MAJOR HIGHWAY RELOCATIONS (343)	\$ 25,969	\$ 49,930	\$ (23,961)
05-01	GROUND STORAGE TANK	\$ -	\$ 122,870	\$ (122,870)
05-08	KENTUCKY RELIABILITY IMPROVEMENT	\$ 163,786	\$ 80,000	\$ 83,786
06-02	YARNALLTON ROAD MAIN EXTENSION	\$ (1,929)	\$ -	\$ (1,929)
06-07	NEW WTP POOL 3 OF KENTUCKY	\$ 86,106,960	\$ 59,986,790	\$ 26,120,170
12020701	INCLINE CAR REPLACEMENT AT KRS	\$ -	\$ 815,288	\$ (815,288)
12020702	MAJOR HIGHWAY RELOCATIONS 2007	\$ (23,290)	\$ -	\$ (23,290)
1202-5	NORTH BROADWAY MAIN REPLACEMENT	\$ 1,264,105	\$ 2,470,076	\$ (1,205,971)
1232-1	OWENTON CHEMICAL BULK STORAGE	\$ 2,185	\$ 29,123	\$ (26,938)
1202-6	CARRICK ROAD MAIN EXTENSION	\$ 25,590	\$ 2,637,494	\$ (2,611,904)
CS-1201-1	BUSINESS TRANSFORMATION	\$ 211,056	\$ 356,822	\$ (145,766)
		\$ -	\$ -	\$ -
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>88,167,674</b>	<b>66,612,593</b>	<b>21,555,081</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2008

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 4,188,866	\$ 4,000,000	\$ 188,866
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>4,188,866</b>	<b>4,000,000</b>	<b>188,866</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 49,941	\$ 535,000	\$ (485,059)
B	MAINS - REPLACED/RESTORED	\$ 992,301	\$ 1,886,000	\$ (893,699)
C	MAINS - UNSCHEDULED	\$ 271,187	\$ 221,937	\$ 49,250
D	MAINS - RELOCATED	\$ 145,363	\$ -	\$ 145,363
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 110,740	\$ 427,992	\$ (317,252)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 129,360	\$ 125,000	\$ 4,360
G	SERVICES AND LATERALS - NEW	\$ 1,157,819	\$ 855,915	\$ 301,904
H	SERVICES AND LATERALS - REPLACED	\$ 1,137,151	\$ 641,603	\$ 495,548
I	METERS - NEW	\$ 656,983	\$ 1,149,930	\$ (492,947)
J	METERS - REPLACED	\$ 1,656,513	\$ 1,473,399	\$ 183,114
K	ITS EQUIPMENT AND SYSTEMS	\$ 259,958	\$ 259,750	\$ 208
L	SCADA EQUIPMENT AND SYSTEMS	\$ 45,278	\$ 51,000	\$ (5,722)
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 36,286	\$ 10,000	\$ 26,286
N	OFFICES AND OPERATIONS CENTERS	\$ 1,800,000	\$ 146,300	\$ 1,653,700
O	VEHICLES	\$ 455,970	\$ 500,000	\$ (44,030)
P	TOOLS AND EQUIPMENT	\$ 224,128	\$ 218,014	\$ 6,114
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 858,216	\$ 820,600	\$ 37,616
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ 97,252	\$ -	\$ 97,252
S	ENGINEERING STUDIES	\$ 105,355	\$ 81,000	\$ 24,355
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>10,189,801</b>	<b>9,403,440</b>	<b>786,361</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 40	\$ -	\$ 40
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 348,734	\$ 64,200	\$ 284,534
03-01	ELEVATED STORAGE TANK - 2.0 MG	\$ (31)	\$ -	\$ (31)
03-03	ELECTRICAL & RELIABILITY IMPROVEMENTS	\$ 337	\$ -	\$ 337
04-02	MAJOR HIGHWAY RELOCATIONS (343)	\$ 290,942	\$ 2,935,000	\$ (2,644,058)
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	\$ 316,963	\$ -	\$ 316,963
05-02	RUSSELL CAVE ROAD MAIN - 34,000' OF 12" (343)	\$ (196)	\$ -	\$ (196)
05-05	REPLACE TRAC-VAC SYSTEM AT RRS (332)	\$ 96,037	\$ -	\$ 96,037
05-06	SLUDGE HANDLING IMPROVEMENT	\$ 172,653	\$ 50,000	\$ 122,653
05-08	KENTUCKY RELIABILITY IMPROVEMENT	\$ 1,359,117	\$ 1,210,964	\$ 148,153
06-01	VALVE HOUSE UPGRADES AT KRS	\$ (38,142)	\$ -	\$ (38,142)
06-02	YARNALLTON ROAD MAIN EXTENSION	\$ 414,412	\$ -	\$ 414,412
06-04	OWEN COUNTY SCADA SYSTEM	\$ 3,005	\$ -	\$ 3,005
06-05	MALLARD POINT PRESSURE	\$ 270	\$ -	\$ 270
06-06	PARKER'S MILL PUMP & DIESEL	\$ (394)	\$ -	\$ (394)
06-07	NEW WTP POOL 3 OF KENTUCKY	\$ 41,822,905	\$ 33,310,430	\$ 8,512,475
06-13	HIGHWAY RELOCATION - CLAYS MILL	\$ -	\$ 850,000	\$ (850,000)
12020701	INCLINE CAR REPLACEMENT AT KRS	\$ 138,047	\$ 280,709	\$ (142,662)
12020702	MAJOR HIGHWAY RELOCATIONS 2007	\$ (102,688)	\$ -	\$ (102,688)
1202-5	NORTH BROADWAY MAIN REPLACEMENT	\$ 299,377	\$ 2,350,000	\$ (2,050,623)
1232-1	OWENTON CHEMICAL BULK STORAGE	\$ 81,520	\$ 824,836	\$ (743,316)
1202-6	CARRICK ROAD MAIN EXTENSION	\$ 62,506	\$ -	\$ 62,506
12320507	CHEMICAL FEED IMPROVEMENTS	\$ (37,670)	\$ -	\$ (37,670)
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>45,227,743</b>	<b>41,876,139</b>	<b>3,351,604</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2007

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>PROJECTS FUNDED BY OTHERS</b>			
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 3,137,371	\$ 6,000,000	\$ (2,862,629)
	<b>TOTAL PROJECTS FUNDED BY OTHERS</b>	<b>3,137,371</b>	<b>6,000,000</b>	<b>(2,862,629)</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>RECURRING CONSTRUCTION ITEMS</b>			
A	MAINS - NEW	\$ 489,878	\$ 750,000	\$ (260,122)
B	MAINS - REPLACED/RESTORED	\$ 2,473,473	\$ 2,250,000	\$ 223,473
C	MAINS - UNSCHEDULED	\$ 101,183	\$ -	\$ 101,183
D	MAINS - RELOCATED	\$ 16,024	\$ -	\$ 16,024
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 244,947	\$ 520,000	\$ (275,053)
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 19,096	\$ 100,000	\$ (80,904)
G	SERVICES AND LATERALS - NEW	\$ 1,087,103	\$ 1,303,700	\$ (216,597)
H	SERVICES AND LATERALS - REPLACED	\$ 1,242,660	\$ 1,200,000	\$ 42,660
I	METERS - NEW	\$ 1,701,718	\$ 1,150,400	\$ 551,318
J	METERS - REPLACED	\$ 1,330,358	\$ 1,150,000	\$ 180,358
K	ITS EQUIPMENT AND SYSTEMS	\$ 253,947	\$ 100,000	\$ 153,947
L	SCADA EQUIPMENT AND SYSTEMS	\$ 59,013	\$ -	\$ 59,013
M	SECURITY EQUIPMENT AND SYSTEMS	\$ -	\$ -	\$ -
N	OFFICES AND OPERATIONS CENTERS	\$ 140,932	\$ 80,000	\$ 60,932
O	VEHICLES	\$ 576,684	\$ -	\$ 576,684
P	TOOLS AND EQUIPMENT	\$ 339,773	\$ 155,000	\$ 184,774
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,127,337	\$ 650,000	\$ 477,337
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ 4,601	\$ -	\$ 4,601
S	ENGINEERING STUDIES	\$ 61,018	\$ 100,000	\$ (38,982)
	<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>	<b>11,269,745</b>	<b>9,509,099</b>	<b>1,760,646</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
	<b>INVESTMENT PROJECTS</b>			
01-05	RUSSELL CAVE ROAD TANK - 1.0 MG	\$ 5,976	\$ -	\$ 5,976
01-07	MAJOR HIGHWAY RELOCATIONS	\$ (215,782)	\$ -	\$ (215,782)
02-01	LEESTOWN ROAD MAIN IMPROVEMENTS	\$ 6,403	\$ -	\$ 6,403
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ (97)	\$ -	\$ (97)
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 694,808	\$ -	\$ 694,808
03-01	ELEVATED STORAGE TANK - 2.0 MG	\$ (16,010)	\$ -	\$ (16,010)
04-02	MAJOR HIGHWAY RELOCATIONS (343)	\$ 1,004,584	\$ -	\$ 1,004,584
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	\$ 1,232,752	\$ 440,000	\$ 792,752
04-04	BUSINESS PROCESS EFFICIENCY PROJECT & ORCOM BUDGET	\$ (278)	\$ -	\$ (278)
05-01	GROUND STORAGE TANK - 3.0 MG (342)	\$ -	\$ -	\$ -
05-02	RUSSELL CAVE ROAD MAIN - 34,000' OF 12" (343)	\$ 68,037	\$ -	\$ 68,037
05-05	REPLACE TRAC-VAC SYSTEM AT RRS (332)	\$ 801,015	\$ 553,000	\$ 248,015
05-06	SLUDGE HANDLING IMPROVEMENT	\$ 1,544,166	\$ 711,000	\$ 833,166
05-07	CHEMICAL FEED IMPROVEMENTS	\$ 211,772	\$ 150,000	\$ 61,772
05-08	KENTUCKY RELIABILITY IMPROVEMENT	\$ 5,064,222	\$ 3,800,000	\$ 1,264,222
06-01	VALVE HOUSE UPGRADES AT KRS	\$ 89,096	\$ -	\$ 89,096
06-02	YARNALLTON ROAD MAIN EXTENSION	\$ 6,320	\$ -	\$ 6,320
06-04	OWEN COUNTY SCADA SYSTEM	\$ 163,461	\$ -	\$ 163,461
06-05	MALLARD POINT PRESSURE	\$ 82,191	\$ -	\$ 82,191
06-06	PARKER'S MILL PUMP & DIESEL	\$ 749,453	\$ 659,000	\$ 90,453
06-07	NEW WTP POOL 3 OF KENTUCKY	\$ 2,992,224	\$ 3,917,000	\$ (924,776)
06-13	HIGHWAY RELOCATION - CLAYS MILL	\$ (48)	\$ 100,000	\$ (100,048)
12020701	INCLINE CAR REPLACEMENT AT KRS	\$ 56,893	\$ 250,000	\$ (193,107)
12020702	MAJOR HIGHWAY RELOCATIONS 2007	\$ 1,811,645	\$ 1,000,000	\$ 811,645
1202-5	NORTH BROADWAY MAIN REPLACEMENT	\$ -	\$ 50,000	\$ (50,000)
	KY NRW	\$ -	\$ 100,000	\$ (100,000)
	SYSTEM-WIDE ENHANCEMENT	\$ -	\$ 177,707	\$ (177,707)
	<b>TOTAL INVESTMENT PROJECTS</b>	<b>16,352,802</b>	<b>11,907,707</b>	<b>4,595,095</b>

Kentucky American Water  
Case No. 2015-00418  
Comparison of Actual vs. Budget  
2006

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>PROJECTS FUNDED BY OTHERS</b>				
80	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 6,486,690	\$ 4,500,000	\$ 1,986,690
<i>TOTAL PROJECTS FUNDED BY OTHERS</i>		<i>6,486,690</i>	<i>4,500,000</i>	<i>1,986,690</i>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>RECURRING CONSTRUCTION ITEMS</b>				
81	NETWORK - REPLACEMENT/RENEWAL	\$ 2,126,151	\$ 650,000	\$ 1,476,151
82	NETWORK - EXTENSION	\$ 651,509	\$ 460,000	\$ 191,509
83	HYDRANTS - REPLACEMENTS	\$ 176,730	\$ 26,000	\$ 150,730
84	HYDRANTS - NEW	\$ 492,568	\$ 506,000	\$ (13,432)
85	SERVICES - REPLACEMENT	\$ 868,071	\$ 525,000	\$ 343,071
86	SERVICES - NEW	\$ 1,326,578	\$ 1,180,100	\$ 146,478
87	METERS - REPLACEMENT	\$ 1,297,577	\$ 600,000	\$ 697,577
88	METERS - NEW	\$ 1,551,511	\$ 1,118,900	\$ 432,611
89	ITS EQUIPMENT & SYSTEMS	\$ 146,310	\$ 100,000	\$ 46,310
90	OFFICES AND OPERATIONS CENTERS	\$ 79,428	\$ 54,000	\$ 25,428
91	VEHICLES	\$ 694,765	\$ -	\$ 694,765
92	TOOLS AND EQUIPMENT	\$ 590,832	\$ 150,000	\$ 440,832
93	PROCESS PLANT - REPLACEMENTS	\$ 845,297	\$ 225,000	\$ 620,297
94	PROCESS PLANT - ADDITIONS	\$ 196,118	\$ 50,000	\$ 146,118
95	TREATMENT MEDIA REPLACEMENT & PROCESS REHAB (if capitalized)	\$ 7,020	\$ -	\$ 7,020
96	TANK REHABILITATION/PAINTING (if capitalized)	\$ -	\$ -	\$ -
97	COMPREHENSIVE PLANNING STUDIES (if capitalized)	\$ 65,926	\$ 300,000	\$ (234,074)
<i>TOTAL RECURRING CONSTRUCTION ITEMS</i>		<i>11,116,390</i>	<i>5,945,000</i>	<i>5,171,390</i>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>INVESTMENT PROJECTS</b>				
01-02	GROUND STORAGE TANK - 3.0 MG	\$ (732)	\$ -	\$ (732)
01-03	SCADA IMPROVEMENTS	\$ 9,468	\$ -	\$ 9,468
01-05	RUSSELL CAVE ROAD TANK - 1.0 MG	\$ 209,888	\$ -	\$ 209,888
01-07	MAJOR HIGHWAY RELOCATIONS	\$ 215,782	\$ -	\$ 215,782
02-01	LEESTOWN ROAD MAIN IMPROVEMENTS	\$ 9,771	\$ -	\$ 9,771
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 219,992	\$ -	\$ 219,992
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 436,624	\$ 180,000	\$ 256,624
03-01	ELEVATED STORAGE TANK - 2.0 MG	\$ 270,297	\$ -	\$ 270,297
03-02	MAJOR HIGHWAY RELOCATIONS	\$ 31	\$ -	\$ 31
03-03	ELECTRICAL & RELIABILITY IMPROVEMENTS	\$ 20,805	\$ -	\$ 20,805
04-02	MAJOR HIGHWAY RELOCATIONS (343)	\$ 478,851	\$ 530,000	\$ (51,149)
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	\$ 543,523	\$ 170,000	\$ 373,523
04-04	BUSINESS PROCESS EFFICIENCY PROJECT & ORCOM BUDGE	\$ (208,707)	\$ 700,000	\$ (908,707)
05-01	GROUND STORAGE TANK - 3.0 MG (342)	\$ -	\$ 750,000	\$ (750,000)
05-02	RUSSELL CAVE ROAD MAIN - 34,000' OF 12" (343)	\$ 799,572	\$ 800,000	\$ (428)
05-04	KRS IMPROVEMENTS	\$ (8,513)	\$ -	\$ (8,513)
05-05	REPLACE TRAC-VAC SYSTEM AT RRS (332)	\$ 339,612	\$ 725,000	\$ (385,388)
05-06	SLUDGE HANDLING IMPROVEMENT	\$ 314,093	\$ -	\$ 314,093
05-07	CHEMICAL FEED IMPROVEMENTS	\$ 276,984	\$ 228,460	\$ 48,524
05-08	KENTUCKY RELIABILITY IMPROVEMENT	\$ 944,837	\$ 25,000	\$ 919,837
06-01	VALVE HOUSE UPGRADES AT KRS	\$ 380,264	\$ 350,000	\$ 30,264
06-02	YARNALLTON ROAD MAIN EXTENSION	\$ 23,300	\$ 50,000	\$ (26,700)
06-04	OWEN COUNTY SCADA SYSTEM	\$ 447,524	\$ -	\$ 447,524
06-05	MALLARD POINT PRESSURE	\$ 249,695	\$ -	\$ 249,695
06-06	PARKER'S MILL PUMP & DIESEL	\$ 57,400	\$ -	\$ 57,400
06-07	NEW WTP POOL 3 OF KENTUCKY	\$ 1,676,933	\$ -	\$ 1,676,933
06-13	HIGHWAY RELOCATION - CLAYS MILL	\$ 48	\$ -	\$ 48
92-12	BLUEGRASS WATER PROJECT	\$ 37,269	\$ -	\$ 37,269
98-01	INTEGRATED RESOURCE PLAN	\$ 15,840	\$ -	\$ 15,840
<i>TOTAL INVESTMENT PROJECTS</i>		<i>7,760,450</i>	<i>4,508,460</i>	<i>3,251,990</i>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>PROJECTS FUNDED BY OTHERS</b>				
80	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 6,000,465	\$ 4,080,000	\$ 1,920,465
<b>TOTAL PROJECTS FUNDED BY OTHERS</b>		<b>6,000,465</b>	<b>4,080,000</b>	<b>1,920,465</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>RECURRING CONSTRUCTION ITEMS</b>				
81	NETWORK - REPLACEMENT/RENEWAL	\$ 489,069	\$ 600,000	\$ (110,931)
82	NETWORK - EXTENSION	\$ 676,942	\$ 255,000	\$ 421,942
83	HYDRANTS - REPLACEMENTS	\$ 23,370	\$ 25,500	\$ (2,130)
84	HYDRANTS - NEW	\$ 547,823	\$ 300,000	\$ 247,823
85	SERVICES - REPLACEMENT	\$ 738,960	\$ 500,000	\$ 238,960
86	SERVICES - NEW	\$ 1,281,490	\$ 1,157,000	\$ 124,490
87	METERS - REPLACEMENT	\$ 485,925	\$ 416,800	\$ 69,125
88	METERS - NEW	\$ 1,064,681	\$ 1,121,500	\$ (56,819)
89	ITS EQUIPMENT & SYSTEMS	\$ 81,511	\$ 75,500	\$ 6,011
90	OFFICES AND OPERATIONS CENTERS	\$ 93,531	\$ 55,000	\$ 38,531
91	VEHICLES	\$ 6,533	\$ -	\$ 6,533
92	TOOLS AND EQUIPMENT	\$ 202,116	\$ 160,000	\$ 42,116
93	PROCESS PLANT - REPLACEMENTS	\$ 441,263	\$ 350,000	\$ 91,263
94	PROCESS PLANT - ADDITIONS	\$ 10,170	\$ 50,000	\$ (39,830)
95	TREATMENT MEDIA REPLACEMENT & PROCESS REHAB (if capitalized)	\$ 167,212	\$ -	\$ 167,212
96	TANK REHABILITATION/PAINTING (if capitalized)	\$ -	\$ -	\$ -
97	COMPREHENSIVE PLANNING STUDIES (if capitalized)	\$ -	\$ -	\$ -
<b>TOTAL RECURRING CONSTRUCTION ITEMS</b>		<b>6,310,596</b>	<b>5,066,300</b>	<b>1,244,296</b>

Item	Description	Actual Expenditures	Approved Original Budget	Variance Dollars
<b>INVESTMENT PROJECTS</b>				
01-02	GROUND STORAGE TANK - 3.0 MG	\$ 11,298	\$ -	\$ 11,298
01-03	SCADA IMPROVEMENTS	\$ 7,866	\$ -	\$ 7,866
01-05	RUSSELL CAVE ROAD TANK - 1.0 MG	\$ 928,000	\$ 766,600	\$ 161,400
01-11	NEW COLUMBUS PROJECT	\$ 22,613	\$ -	\$ 22,613
02-01	LEESTOWN ROAD MAIN IMPROVEMENTS	\$ 9,467	\$ -	\$ 9,467
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 446	\$ -	\$ 446
02-03	REPLACE TRAVELLING SCREEN & HOUSING	\$ 11,980	\$ -	\$ 11,980
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 136,001	\$ 1,500,000	\$ (1,363,999)
03-01	ELEVATED STORAGE TANK - 2.0 MG	\$ 3,032,909	\$ 2,180,000	\$ 852,909
03-02	MAJOR HIGHWAY RELOCATIONS	\$ 17,817	\$ -	\$ 17,817
03-03	ELECTRICAL & RELIABILITY IMPROVEMENTS	\$ 257,106	\$ 219,800	\$ 37,306
04-02	MAJOR HIGHWAY RELOCATIONS	\$ 1,271,760	\$ 910,000	\$ 361,760
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	\$ 214,797	\$ 240,000	\$ (25,203)
04-04	BUSINESS PROCESS EFFICIENCY PROJECT & ORCOM BUDGET	\$ -	\$ 1,322,035	\$ (1,322,035)
04-06	REPLACE FILTER MEDIA 3 & 4	\$ 1,294	\$ -	\$ 1,294
05-01	GROUND STORAGE TANK - 3.0 MG (342)	\$ -	\$ 75,000	\$ (75,000)
05-02	RUSSELL CAVE ROAD MAIN	\$ 392,914	\$ 500,000	\$ (107,086)
05-04	KRS VALVE MECHANICAL IMPROVEMENT	\$ 199,892	\$ 350,000	\$ (150,108)
05-05	REPLACE TRAC-VAC SYSTEM	\$ 341	\$ -	\$ 341
05-06	SLUDGE HANDLING IMPROVEMENT	\$ 12,041	\$ -	\$ 12,041
92-12	BLUEGRASS WATER PROJECT	\$ 6,754	\$ -	\$ 6,754
96-19	CUSTOMER SERVICE SOFTWARE	\$ 56	\$ -	\$ 56
98-01	INTEGRATED RESOURCE PLAN	\$ 31,184	\$ -	\$ 31,184
98-08	SURGE PROTECTION KRS	\$ 1,754	\$ -	\$ 1,754
<b>TOTAL INVESTMENT PROJECTS</b>		<b>6,568,291</b>	<b>8,063,435</b>	<b>(1,495,144)</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 134.** Reference the Kentucky American Water application generally. For the Base Period and the Test Period, identify the forecasted rate base additions, separately by:
- a.      normal recurring construction,
  - b.      construction projects funded by others, and
  - c.      major investment projects.

**Response:**

Please refer to the Company's response to Item 3 of the Commission Staff's First Request for Information, Rate Base WP 1-1 UPIS, pages 8-19 for the Base Period and Test Year Period forecasted rate base additions separated by recurring construction, construction funded by others and major investment projects.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Scott Rungren**

**135.** Reference the Kentucky American Water application and update Exhibit 37B, pages 53 and 54, to include:

- a.     actual data for December 31, 2015 and
- b.     actual data for the latest month available.

**Response:**

- a-b. Please see the attachment for the actual data as of December 31, 2015 and February 29, 2016.

**KENTUCKY-AMERICAN WATER COMPANY**  
**Case No. 2015-00418**  
**COMPARATIVE BALANCE SHEETS**  
**FOR THE PERIODS ENDING DECEMBER 31, 2015 AND FEBRUARY 29, 2016**

DATA:   X\_ BASE PERIOD   X\_ FORECASTED PERIOD  
TYPE OF FILING:   X\_ ORIGINAL    UPDATED    REVISED  
WORKPAPER REFERENCE NO(S):

Line No.	Description	2/29/2016	% Change	12/31/2015
1				
2	<b><u>Utility Plant</u></b>			
3	Utility Plant in Service	\$645,606,288	0.34%	\$643,434,991
4	CWIP	27,799,025	3.68%	26,812,584
5	Accum Prov - Depr/Amort	(121,731,611)	1.28%	(120,193,066)
6	UPAA	216,829	-0.62%	218,185
7				
8	Total Net Utility Plant	<u>551,890,531</u>	0.29%	<u>550,272,695</u>
9				
10	<b><u>Other Property and Investments</u></b>			
11	Non-Utility Property	249,738	0.00%	249,738
12	Accum Prov - Depr/Amort			
13	Investment in Assoc. Co's			
14	Other Investments			
15				
16	Total Other Property and			
17	Investments	<u>249,738</u>	0.00%	<u>249,738</u>
18				
19	<b><u>Current and Accrued Assets</u></b>			
20	Cash and Cash Equivalents	(55,746)	-92.74%	(767,579)
21	Temporary Cash Investments			
22	Customer Accounts			
23	Receivable	5,169,571	-0.46%	5,193,486
24	Accum Prov - Uncollectibles	(777,593)	-3.63%	(806,904)
25	Accrued Utility Revenues	4,162,624	-1.64%	4,231,934
26	Income Tax Refund due			
27	From Assoc. Co	161,860		76,538
28	Misc Accounts Receivable	935,310	-5.29%	987,592
29	Materials and Supplies	858,001	-5.02%	903,318
30	Other	430,545	45.58%	295,749
31				
32	Total Current and Accrued			
33	Assets	<u>10,884,573</u>	7.62%	<u>10,114,134</u>
34				
35	<b><u>Deferred Debits</u></b>			
36	Unamortized Debt and			
37	Preferred Stock Expense	1,502,001	-0.76%	1,513,502
38	Unamortized Rate Case			
39	Expenses	514,988	19.49%	430,988
40	Preliminary Survey and			
41	Investigation Charges	35,093	0.00%	35,093
42	Misc Deferred Debits	15,390,280	1.09%	15,223,726
43				
44	Total Deferred Debits	<u>17,442,361</u>	1.39%	<u>17,203,309</u>
45				
46				
47	Total Assets	<u>\$580,467,202</u>	0.45%	<u>\$577,839,875</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**Case No. 2015-00418**  
**COMPARATIVE BALANCE SHEETS**  
**FOR THE PERIODS ENDING DECEMBER 31, 2015 AND FEBRUARY 29, 2016**

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_ UPDATED \_\_ REVISED  
WORKPAPER REFERENCE NO(S):

Line No.	Description	2/29/2016	% Change	12/31/2015
1				
2	<b><u>Common Equity</u></b>			
3	Common Stock Issued	\$36,568,777	0.00%	\$36,568,777
4	Paid-In-Capital	79,080,273	0.01%	\$79,075,032
5	Retained Earnings	55,604,765	6.52%	52,201,167
6				
7	Total Common Equity	171,253,814	6.53%	167,844,976
8	Preferred Stock Issued			
9	Long-Term Debt	197,999,000	0.00%	197,999,000
10	Current Portion - LTD			
11				
12	Total Capitalization	369,252,814	0.93%	365,843,976
13				
14	<b><u>Current and Accrued Liabilities</u></b>			
15	Notes Payable	27,075,981	7.51%	25,184,535
16	Accounts Payable	5,342,321	-53.00%	11,367,790
17	Accrued Taxes	3,884,976	74.29%	2,229,084
18	Accrued Interest	3,791,546	83.49%	2,066,355
19	Customer Deposits			
20	Dividends Declared			
21	Other	3,808,898	-9.49%	4,208,053
22				
23	Total Current and Accrued			
24	Liabilities	43,903,722	-2.56%	45,055,817
25				
26	<b><u>Deferred Credits</u></b>			
27	Customer Advances	12,649,355	1.47%	12,466,582
28	Deferred Income Taxes	75,756,089	0.83%	75,129,989
29	Accumulated Deferred ITC	525,302	-2.62%	539,435
30	Other	20,070,365	-5.96%	21,342,785
31				
32	Total Deferred Credits	109,001,111	-0.44%	109,478,792
33				
34	Contributions in Aid of			
35	Construction	58,309,555	1.48%	57,461,291
36				
37				
38	Total Liabilities	\$580,467,202	0.45%	\$577,839,875

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**136.** Reference the Kentucky American Water application generally. Provide the actual net cost of removal incurred by the Company in each of the past five years.

**Response:**

Please refer to the schedule below for removal costs net of salvage incurred by the Company in each of the past five years.

<b>Year</b>	<b>Incurred Removal Costs Net of Salvage</b>
2015	\$880,663
2014	802,752
2013	12,175
2012	1,225,761
2011	845,196

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**     **Linda C. Bridwell**

**137.** Reference the Kentucky American Water application generally. Regarding page 22, lines 4-6 of Ms. Bridwell's testimony, identify all amortizations included in the Company's filing. For each such amortization, provide:

- a. the total amount of the amortization approved,
- b. a cite to the Order approving the amortization,
- c. the beginning and ending dates of the amortization, and
- d. the annual amortization expense.

**Response:**

- a) Approved amortization consists of:
  - Amortization of Source of Supply costs of \$2,283,202.35 over 40 years related to the Bluegrass Water Project.
  - Amortization of AFUDC Debt costs of \$6,632,164.80 related to the adoption of FAS 109 are being amortized over 40 years.
- b) The order approving amortization is:
  - The November 27, 2000 Order, Case Number 2000-00120, authorized amortization of the Bluegrass Source of Supply.
  - KAWC has not confirmed the order number authorizing amortization of the FAS 109 AFUDC Equity prior to 2008.
- c) Amortization Periods:
  - Source of Supply costs for the Bluegrass Water Project are being amortized over the period 01/01/01 to 12/31/2040.
  - AFUDC Equity costs related to the adoption of FAS 109 are being amortized over the period 01/01/1993 to 12/31/2033.
- d) Amortization Expense:
  - Amortization expense for the Bluegrass Water Project is \$4,756.67 per month or \$57,080.04 annually.
  - Amortization expense for AFUDC Equity related to the adoption of FAS 109 is \$13,817.01 per month or \$165,804.12 annually.

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

**Witness: Linda C. Bridwell**

**138.** Reference the Kentucky American Water application generally. Provide the actual balance for Contributions in Aid of Construction at December 31<sup>st</sup> for each of the past five years.

**Response:**

Please refer to the schedule below for the actual balance for Contributions in Aid of Construction net of Accumulated Amortization at December 31<sup>st</sup> for each of the past five years.

Account	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
27111000 CIAC-Non Taxable - Mains	(\$21,295,537)	(\$20,110,068)	(\$19,762,304)	(\$17,981,825)	(\$17,792,506)
27112000 CIAC-Non Taxable - Ext Dep	(14,348,900)	(14,117,202)	(13,188,725)	(12,775,611)	(12,178,443)
27113000 CIAC-Non Taxable - Services	(9,530,440)	(8,210,993)	(20,830,013)	(19,665,985)	(18,175,632)
27114000 CIAC-Non Taxable - Meters	(15,368,634)	(13,754,488)	(1,026,588)	(1,023,118)	(830,754)
27115000 CIAC-Non Taxable - Hydrants	(2,468,488)	(1,955,321)	(1,865,838)	(1,785,934)	(1,690,488)
27116000 CIAC-Non Taxable - Other	(3,767,807)	(3,536,804)	(3,538,404)	(3,538,404)	(3,514,202)
27117000 CIAC-Non Taxable - WIP	(1,882,880)	(3,140,632)	(1,253,439)	(1,147,655)	(402,569)
27118000 CIAC-Non Taxable - Non-Utility Property	(249,725)	(249,725)	(249,725)	(249,725)	(249,725)
27121000 CIAC-Taxable - Mains	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)
27122000 CIAC-Taxable - Ext Dep	(766,586)	(766,586)	(766,586)	(766,586)	(766,586)
27123000 CIAC-Taxable - Services	(7,605,886)	(7,448,744)	(7,480,360)	(7,311,054)	(7,033,267)
27124000 CIAC-Taxable - Meters	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)
27125000 CIAC-Taxable - Hydrants	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)
27126000 CIAC-Taxable - Other	(430,476)	(430,476)	(440,903)	(440,903)	(440,903)
27127000 CIAC-Taxable - WIP	(41,479)	(147,342)	0	(2,502)	0
27206000 Accum Amort CIAC - Other	20,317,946	19,369,061	17,720,318	16,482,369	15,320,327
27210000 Accum Amort CIAC - Tax	2,466,880	2,177,696	1,890,869	1,606,311	1,328,786
<b>Total: Contributions in aid of construction</b>	<b>(\$57,461,291)</b>	<b>(\$54,810,902)</b>	<b>(\$53,280,979)</b>	<b>(\$51,089,901)</b>	<b>(\$48,915,241)</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

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

**139.** Reference the Kentucky American Water application generally. Provide the actual balance for Advances for Construction at December 31<sup>st</sup> for each of the past five years.

**Response:**

Please refer to the schedule below for the actual balance for Advances for Construction at December 31<sup>st</sup> for each of the past five years.

<b>Account</b>	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>12/31/2013</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
25211000 Advances for Construction - NT Mains	(\$222,915)	(\$431,473)	(\$488,774)	\$0	\$0
25212000 Advances for Construction - NT Ext Deposits	(12,211,515)	(10,537,253)	(11,710,751)	(12,512,902)	(12,955,415)
25217000 Advances for Construction - NT WIP	(1,033,152)	(2,125,271)	(992,659)	(509,027)	(719,711)
Total: Customer Advances for construction	<u>(\$13,467,582)</u>	<u>(\$13,093,998)</u>	<u>(\$13,192,183)</u>	<u>(\$13,021,929)</u>	<u>(\$13,675,126)</u>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Linda C. Bridwell**

- 140.** Reference the Kentucky American Water application generally. Identify all components of the Company's claim for deferred debits. For each such component, provide a cite to a Commission order authorizing the inclusion of the deferred debit in rate base.

**Response:**

KAW has included a request for rate recovery of one deferred debit, which are the Source of Supply costs. The Commission approved a 40-year amortization of these costs and the inclusion of the unamortized portion of the costs as rate base. Initial approval was granted by the Commission in Case No. 2000-00120 in an order dated May 18, 2001, which can be found on the Commission's website.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2015-00418**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

---

**Witness:**      **Donald J. Petry**

- 141.** Reference the Kentucky American Water application generally. Regarding the Other Rate Base components discussed on page 32, lines 1-5 of Ms. Bridwell's testimony, describe the deferred compensation and accrued pensions included in the Company's rate base claim and state how the monthly amounts of deferred compensation and accrued pensions are determined.

**Response:**

The monthly pension accrual used in the calculation of accrued pensions is based upon Kentucky American Water's allocated share of American Water Works, Inc.'s 2015 pension cost. The Company's allocation was based upon the number of active participants in the plan. The quarterly pension funding payments used in the calculation of accrued pensions are based on Kentucky American Water's planned allocation of the 2015 Pension Funding schedule. The quarterly funding schedule payments are based on the active participants' valuation earnings calculated by the Company's actuary, Willis Towers Watson.