

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF) CASE NO.
KENTUCKY-AMERICAN WATER COMPANY) 92-452

O R D E R

IT IS ORDERED that Kentucky-American Water Company ("Kentucky-American") shall file the original and 20 copies of the following information with the Commission, with a copy to all parties of record, no later than December 22, 1992. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide copies of Kentucky-American's 1971 and 1989 contracts with the American Waterworks Service Company ("Service Company"). If the Service Company contracts have been filed in another Commission case, a reference to that case number, style, and location will be sufficient.

2. a. Provide separate detailed comparisons, using the 1971 and 1989 contracts, of the allocated Service Company charges Kentucky-American expensed during the base period, and the projected expenses for the forecasted period as shown in Format 1.

b. Provide separate detailed comparisons of the Service Company charges directly billed to Kentucky-American and expensed during the base period, and the projected expenses for the forecasted period as shown in Format 1.

3. For each subsidiary operating in the Southern Region, provide the following, as of the end of Kentucky-American's base period as shown in Format 2:

a. The number of customers served.

b. The number of employees.

c. The level of Construction Work In Progress.

d. The level of Utility Plant In Service.

e. The amount of directly billed Service Company charges.

f. The amount of allocated Service Company charges using the 1989 Service Company charges. Include all workpapers and calculations of the allocated Service Company charges for each subsidiary.

g. The amount of allocated Service Company charges using the 1971 Service Company charges. Include all workpapers and calculations of the allocated Service Company charges for each subsidiary.

4. Provide projections of the information requested in Item 2, as of the end of Kentucky-American's forecasted period as shown in Format 2.

5. Provide the following data for each subsidiary operating in the American Waterworks system by region, for the base period, and the forecasted period as shown in Format 3:

- a. Number of bills.
- b. Number of employees.
- c. Water produced in gallons.
- d. Water purchased in gallons.
- e. Utility Plant In Service.
- f. Construction Work In Progress.
- g. Billing method (i.e., quarterly or monthly).

6. The Dismissal Order of the Commonwealth of Virginia's State Corporation Commission ("Virginia Commission") in Case No. PUA88005¹ required the Virginia-American Water Company ("Virginia-American") to file a schedule of information to support the use of the number of customers as a general allocator. Virginia-American was required to file the schedules with the Virginia Commission on or before April 1, 1990 and annually by April 1 thereafter, until

¹ Case No. PUA88005, The Application of Virginia-American Water Company for Authority to Enter Into Service Agreement with Affiliate, Order entered November 17, 1988.

otherwise directed. Provide copies of the 1990, 1991, and 1992 schedules Virginia-American filed with the Virginia Commission. Also provide any other Orders, requests, or correspondence from the Virginia Commission arising from this proceeding.

7. Provide a list of internal reports developed by the company that measure variances between budget and actual results in construction, as well as operations.

8. Provide an organization chart that reflects the planning process as utilized by Kentucky-American, including those planning processes of regional headquarters and Service Company that have a direct impact on Kentucky-American. Identify functional responsibility for data sources and responsible personnel. Identify budget inputs, including any computer models or applications employed, as well as personnel responsible for maintaining such models.

9. Provide a rate base, capital structure and statement of income for Kentucky-American for the most recent actual 12-month period at the time of the company's rate filing. Provide any pro forma adjustments or explanations necessary to reconcile this data with the filed base period revenue requirement information.

10. Provide the current operating and construction budget and financial forecast for the company. Identify the person or persons responsible for maintaining the budget and forecast functions within the company.

11. Provide a copy of any manuals or written memoranda regarding budget and forecast policy and procedures and supporting documentation.

12. Identify any external economic data relied upon in developing budget and forecast escalation assumptions in sales, construction or cost projections.

13. Provide a description of current conservation or demand-side management programs that have been implemented by the company, or are presently under consideration.

14. Provide a description of the process used to convert budget or forecast item detail to the Uniform System of Accounts for Class A & B water companies account and subaccount classifications for use in developing revenue requirements and cost of service.

15. Provide a description of weather and customer data maintained by the company, and how such data are integrated into the sales forecast model.

16. Provide a statement of parent company functions regarding the planning and rate-making process, as it is relevant to the Kentucky-American rate filing.

17. Provide all revenue, expense, capital and construction data by accounts, on an annual basis, for the last ten calendar years through 1991.

18. Provide the budgets and forecasts for 1989, 1990 and 1991.

19. Provide all workpapers and other documents required to support the operating, capital and construction budgets and forecasts relied upon in the projected test year.

Done at Frankfort, Kentucky, this 8th day of December, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 92-452

American Waterworks Service Company Charges

<u>Description</u>	<u>Account Number</u>	<u>1971 Contract</u>		<u>1989 Contract</u>	
		<u>Base</u>	<u>Projected</u>	<u>Base</u>	<u>Projected</u>
Administrative					
	Region Office				
	General Office				
Engineering					
	Region Office				
	General Office				
Customer Relations					
	Region Office				
	General Office				
Employee Relations					
	Region Office				
	General Office				
Water Quality					
	Region Office				
	General Office				
Corporate Secretarial					
	Region Office				
	General Office				
Accounting					
	Region Office				
	General Office				
Treasury					
	Region Office				
	General Office				
Data Processing					
	Region Office				
	General Office				

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 92-452

Statistics of Operating Subsidiaries of the
American Waterworks Company by Region

Region Title

<u>Utility Name</u>	<u>Bills</u>	<u>Employees</u>	Water (Gallons)	Level of	Level of	Billing	
			<u>Produced</u>	<u>Purchased</u>	<u>UPIS</u>	<u>CWIP</u>	<u>Method</u>