

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**COMPLIANCE OF KENTUCKY-AMERICAN )  
WATER COMPANY, AMERICAN WATER WORKS )  
COMPANY, RWE AKTIENGESELLSCHAFT AND )  
THAMES WATER AQUA HOLDINGS GMBH WITH )  
THE PROVISIONS OF THE ORDERS )  
APPROVING THE TRANSFER OF CONTROL OF )  
KENTUCKY-AMERICAN WATER COMPANY TO )  
RWE AKTIENGESELLSCHAFT AND THAMES )  
WATER AQUA HOLDINGS GMBH )**


**CASE NO.  
2002-00277**

**NOTICE OF CONDITION 48 RESPONSE**

Come Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, American Water Works Company, Inc., Thames Water Aqua U.S. Holdings, Inc. and Kentucky-American Water Company, and pursuant to Condition 48 of the Commission's Order dated December 20, 2002, in Case No. 2002-00317, and file herewith the report of 2007 Acquisition Activity for the American Water System.

Respectfully submitted,

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BY: 

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Thames Water Aqua Holdings GmbH, Thames  
Water Aqua US Holdings, Inc., RWE AG and  
American Water Works Company, Inc.

**CERTIFICATION**

This is to certify that the electronic version of this pleading is a true and accurate copy of the pleading filed in paper medium; that the Petitioners have notified the Commission and the parties in Case No. 2002-00317 by electronic mail on March 31, 2008 that the electronic version of this pleading has been transmitted to the Commission, and that a paper copy has been served by mail upon:

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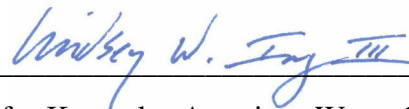
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and that the original and three paper copies have been filed with the Public Service Commission on the 1<sup>st</sup> day of April, 2008.

BY: 

Counsel for Kentucky-American Water Company,  
Thames Water Aqua Holdings GmbH, Thames  
Water Aqua US Holdings, Inc., RWE AG and  
American Water Works Company, Inc.

During 2007, American Water Works Company subsidiaries acquired eight small systems, none in Kentucky, with a combined customer base of less than 12,000. Therefore, none of these acquisitions, individually or in total, materially impact any costs to Kentucky American Water Company. However, whatever impact the addition of customers may have on Kentucky American Water will be reflected through the provisions of the approved contract between Kentucky American Water Company and American Water Works Service Company, which provides for allocation of common costs among all water companies receiving services from the Service Company based on the number of customers served by each company. The acquisitions are listed below:

<b>COMPANY</b>	<b>SYSTEM ACQUIRED</b>	<b># OF CUSTOMERS</b>
PA-AM	Redstone Water Co.	499
IL-AM	Pesotum, Illinois	259
NJ-AM	Mt. Ephraim	1800
NJ-AM	South Jersey Services	7075
NJ-AM	Pelican Island	100
WV-AM	East Ceredo	260
WV-AM	Clendenin Acq.	850
CA-AM	Toro Water Service	408