

**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 2006 Acquisition Activity for the American Water System.

Respectfully submitted,

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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 April 2, 2007 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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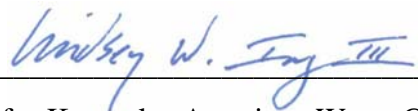
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and that the original and three paper copies have been filed with the Public Service Commission on the 3rd day of April, 2007.

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.

March 29, 2007

During 2006, AW subsidiaries acquired nine small systems, none in Kentucky, with a combined customer base of less than 6,000. Therefore, none of these acquisitions, individually or in total, materially impact any costs to Kentucky American Water Company. The acquisitions are listed below:

COMPANY	SYSTEM ACQUIRED	# OF CUSTOMERS
Pennsylvania	Stillwater Lakes Water Assoc.	72
Pennsylvania	Winona Lakes – Wastewater	91
Pennsylvania	Winona Lakes – Water	91
Pennsylvania	Pine Ridge HOA	1,427
Pennsylvania	Lexington Woods Water Co.	56
Pennsylvania	Pocono Farms Association	1,386
West Virginia	Sharples Acquisition	80
Illinois	S. Beloit – S. Beloit, IL R	2,600
New Jersey	ExxonMobil Florham Park Water	150

In December 2006, Elizabethtown Water Company and Mount Holly Water Company, both New Jersey Utilities, were merged into New Jersey American Water Company. This merger added approximately 225,000 customers to New Jersey American Water Company's customer base. Impacts of this increase in NJA's customer base to Kentucky American Water Company 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. Any other synergies resulting from said merger are specific to New Jersey.