

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2004-00103**  
**PUBLIC SERVICE COMMISSION DATA REQUEST NO. 1**  
**ITEMS 1 – 34**

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Witness Responsible:

M. Miller/S. Valentine/J. Salser/C. Bush

1. a. Provide a copy of the workpapers and calculations that Kentucky-American used to develop its forecasted test-period financial information.
- b. State all assumptions that Kentucky-American used to develop its forecasted test-period financial information.

Response:

- a. The workpapers are attached in a separate binder. The electronic versions of the workpapers have the following name convention format: KAW\_R\_PSCDR1#1a\_WPx\_XXX\_052004.pdf.
- b. The base period is calculated using 6 months actual and six months budget with no adjustments for known and measurable changes. The Company's forecasted test-year started with its budget for December 2004 to November 2005 and adjusted for all known and measurable changes. Sales were adjusted to reflect the normalization sales adjustment sponsored by Dr. Edward Spitznagel. The Company utilized the latest projection and actuarial studies for group insurance, OPEB's and pensions. The Company also used the latest actual numbers to adjust for deferred security, Call Center, Shared Services, and maintenance costs. The Company also utilized the latest value projections to determine ST & LT interest rates and used the actual rate for the LT issue of March 1, 2004. The CAPEX reflects the latest forecast. Productions were determined on the latest chemical contract prices and adjusted to the normalized sales levels. The Company annualized the Call Center costs which were not reflected properly in the budget. The Company is requesting a 10 year amortization of deferred security, Call Center and Shared Services costs versus the 5 years included in the plan.