

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2004-00103
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENTS
FIRST REQUEST FOR INFORMATION**

Witness Responsible:

Linda Bridwell

44. The KAWC management reports provided as part of Exhibit 31 raise issues regarding the sales to delivery ratios. For instance, as of November 2002, it was reported that KAWC had a 12 month sales to delivery ratio of 86.0% ((First Set) page 12 of 22)). This report also states that KAWC was directing more effort towards its Central Kentucky operation to elevate this percentage. In its January 2003, management report, KAWC stated that sales to delivery had dropped to 84.7%, despite efforts to target the Central Kentucky operation for leak control (Exhibit 31 (Second Set) page 2 of 48). In its March, 2003, report, KAWC stated that its sales to delivery ratio had fallen again, to 84.37%, “a continued decline from 86.7% last year.” (Exhibit 31 (Second Set) page 10 of 48). KAWC’s June, 2003 report, reported that sales to delivery continued at 84.6%, down from 87.0% a year previously, despite the attention focused on the problem. (Exhibit 31, (Second set) page 24 of 48). Subsequent reports do not address this issue.
- (a) Please provide the sales to delivery ratio for each month since the beginning of the base period.
 - (b) As additional months become available, please provide the sales to delivery ratio for such months.
 - (c) How much did KAWC spend over and above normal O&M levels in the base period on additional leak detection for its system to address this issue? How much did KAWC project spending on additional leak detection efforts for the projected portion of the base period to address this problem?
 - (d) How much has KAWC projected to spend in the forecasted period to address this issue? How much of this amount is over normal O&M?
 - (e) Are any leak detection services that KAWC provides as a service to other entities in any way included in any of the responses above? If so, please break down the extent of such services and the associated costs.

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Response:

(a)

August, 2003	85.8%
September, 2003	85.6%
October, 2003	85.6%
November, 2003	87.3%
December, 2003	87.5%
January, 2003	86.22%
February, 2003	86.31%
March, 2003	88.05%
April, 2003	87.57%
May, 2003	86.68%

- (b) Information will be updated as available.
- (c) Leak detection success is a direct result of maintaining skill level, focused and consistent efforts on leak detection, and good equipment. Total O & M costs for the base period were not increased. Through the use of our existing workforce more effort was directed toward leak detection. The leak detection was offset by deferring other O & M activities. During this time leak detection efforts were increased from one employee to 1 ½ employees per day.
- (d) During the forecasted period, Kentucky American Water has projected one employee's time for leak detection. If additional leak detection is warranted the additional leak detection will be offset by deferring other O & M activities.

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- (e) No, leak detection services that Kentucky American Water provides to other entities are not included in the responses above. Kentucky American has a contract with the Kentucky River Authority to provide leak detection services to other utilities which utilize the Kentucky River. Kentucky American Water has utilized the calculation of leak detection service for the Kentucky River Authority to offer services to individual customers as well.

Supplemental Response:

- (b) Item (b) is updated thru August, 2004.

August, 2003	85.8%
September, 2003	85.6%
October, 2003	85.6%
November, 2003	87.3%
December, 2003	87.5%
January, 2004	86.22%
February, 2004	86.31%
March, 2004	88.05%
April, 2004	87.57%
May, 2004	86.68%
June, 2004	86.42%
July, 2004	85.86%
August, 2004	84.49%