

**Kentucky American Water
Management Fees by category
PSCDR 2 Question 21 (3c)**

	<u>2007-00143 Filing</u>	<u>2006 Actual</u>	<u>Variance</u>	<u>%</u>	<u>Explanation</u>
Belleville Lab	191,177	173,054	18,123	10.47%	See Note A.
National Customer Care Center	1,557,125	1,351,964	205,161	15.18%	See Note B.
Corporate	1,635,375	1,421,073	214,302	15.08%	See Note C.
ITS	942,482	822,708	119,774	14.56%	See Note D.
Shared Service	493,404	521,239	(27,835)	-5.34%	See Note E.
Southeast Region	1,427,154	1,588,651	(161,497)	-10.17%	See Note F.
Total	6,246,717	5,878,689	368,028	6.26%	

Note A Reflects 2 years of wage increases, medical insurance increases, changes in the actuarially estimated pension and OPEB cost, the level of WQ testing expected to meet regulatory requirements and general inflation.

Note B Reflects 2 years of wage increases, medical insurance increases, changes in the actuarially estimated pension and OPEB cost, the level of support required for support of KAWC requirements, and general inflation.

Note C Reflects 2 years of wage increases, medical insurance increases, changes in the actuarially estimated pension and OPEB cost, and general inflation. During 2006 a portion of the SSC accounting functions were transferred to Corporate Finance.

Note D Reflects 2 years of wage increases, medical insurance increases, changes in the actuarially estimated pension and OPEB cost, the level of programming and network support required at KAWC, and general inflation.

Note E Reflects 2 years of wage increases, medical insurance increases, changes in the actuarially estimated pension and OPEB cost, and general inflation. During 2006 a portion of the SSC accounting functions were transferred to Corporate Finance. Decrease also reflects increased efficiencies expected in the SSC operations.

Note F Reflects 2 years of wage increases, medical insurance increases, changes in the actuarially estimated pension and OPEB cost, and general inflation. During 2006 two positions were moved from the Regional Service Company to KAWC payroll (Govt. Affairs & Com. Relations). Decrease also reflects increased efficiencies expected in the SSC operations.