KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 155 of 312

Witness: John J. Spanos

155. Provide copies of all industry statistics available to Mr. Spanos and/or the Company relating to water company depreciation rates.

Response:

The attached pages set forth industry statistics available to Mr. Spanos relating to water company depreciation rates.

For electronic version, refer to KAW_R_AGDR1#155_061807.pdf

VIRGINIA-AMERICAN WATER COMPANY - ALL DISTRICTS
TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2003

OLD ACCOUNT	NEW ACCOUNT	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		DEPRECIABLE PLANT								
311.00	304.10	STRUCTURES AND IMPROVEMENTS	45-R1	(5)	94,330.15	22,502	76,545	2,201	2.33	34.80
312.00	305.00	COLLECTING AND IMPOUNDING RESERVOIRS	20-S2	(15)	108,562.00	74,918	49,928	6,242	5.75	8.00
313.00	306.00	LAKE, RIVER AND OTHER INTAKES	60-R5	0	176,026.00	69,350	106,676	2,812	1.60	37.90
314.00	307.00	WELLS AND SPRINGS	30-R3	(10)	409,905.00	316,750	134,146	14,800	3.61	9.10
316.00	309.00	SUPPLY MAINS	75-R1	0	1.00	0	1	0	-	-
317.00	339.10	OTHER SOURCE OF SUPPLY PLANT	20-S2	0	39,997.98	28,619	11,379	2,000	5.00	5.70
321.00	304.20	PUMPING STRUCTURES	45-R1	(5)	3,239,911.10	777,673	2,624,235	75,518	2.33	34.70
323.00	310.00	OTHER POWER GENERATION EQUIPMENT	45-R2.5	(10)	781,225.52	168,133	691,216	19,097	2.44	36.20
325.00	311.00	ELECTRIC PUMPING EQUIPMENT	25-R2	(10)	3,510,593.82	1,561,475	2,300,182	154,469	4.40	14.90
326.00	311.10	DIESEL PUMPING EQUIPMENT	40-S3	(10)	149,980.00	126,162	38,816	4,124	2.75	9.40
331.00	304.30	STRUCTURES AND IMPROVEMENTS	50-S2	(5)	7,002,098.18	1,211,067	6,141,138	147,043	2.10	41.80
332.00	320.00	WATER TREATMENT EQUIPMENT	60-R2	(10)	16,132,437.42	3,749,751	13,995,927	295,753	1.83	47.30
341.00	304.40	STRUCTURES AND IMPROVEMENT	45-R1	(5)	144,569.00	72,025	79,773	3,373	2.33	23.70
342.00	330.00	RESERVOIRS AND STANDPIPES	50-S1	(25)	5,016,373.84	1,957,091	4,313,374	125,407	2.50	34.40
343.00	331.00	MAINS	75-S1	(10)	50,243,581.53	9,971,517	45,296,425	736,333	1.47	61.50
345.00	333.00	SERVICES	44-R2.5	(20)	5,314,534.59	1,408,083	4,969,360	144,680	2.72	34.30
346.00	334.10	METERS	24-S1	0	7,497,605.00	2,203,678	5,293,928	312,021	4.16	17.00
347.00	334.20	METER INSTALLATIONS	24-S2	(50)	2,589,043.00	3,005,029	878,537	152,081	5.87	5.80
348.00	335.00	HYDRANTS	65-S1	(30)	1,231,842.01	298,708	1,302,688	24,638	2.00	52.90
349.00	339.20	OTHER TRANSMISSION AND DISTRIBUTION PLANT	20-S3	0	172,553.00	44,542	128,011	8,628	5.00	5.20
390.10	304.61	OFFICE STRUCTURES	45-S2	(5)	457,382.00	273,465	206,786	10,813	2.36	19.10
390.20	304.62	STORES, SHOP AND GARAGE BUILDINGS	50-S2	0	32,604.00	23,643	8,961	652	2.00	13.70
390.31	304.63	MISCELLANEOUS STRUCTURES	50-R2.5	0	240,391.00	111,506	128,885	4,809	2.00	26.80
391.10	340.10	OFFICE FURNITURE	20-SQ	0	657,683.75	119,862	537,821	32,582	4.95	16.50
391.20	340.20	OFFICE EQUIPMENT	15-SQ	0	104,093.80	52,773	51,322	5,621	5.40	9.10
391.21	340.30	COMPUTER EQUIPMENT	5-SQ	0	3,464,746.30	2,281,360	1,183,386	360,753	10.41	20.00
392.11	341.20	TRANSPORTATION - LIGHT TRUCKS	8-S2.5	20	950,239.54	362,362	397,830	95,028	10.00	11.06
392.20	341.10	TRANSPORTATION - CARS	6-S2.5	15	293,578.07	150,593	98,950	34,574	11.78	2.90
393.00	342.00	STORES EQUIPMENT	25-SQ	0	91,493.58	34,758	56,736	3,506	3.83	16.20
394.00	343.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	519,792.27	276,943	242,849	24,903	4.79	9.80
395.00	344.00	LABORATORY EQUIPMENT	15-SQ	0	263,489.15	138,623	124,866	14,040	5.33	8.90
396.00	345.00	POWER OPERATED EQUIPMENT	16-R2	25	654,019.00	225,883	264,634	30,536	4.67	8.70
397.00	346.00	COMMUNICATION EQUIPMENT	15-SQ	0	162,351.91	99,027	63,325	9,526	5.87	6.67
398.00	347.00	MISCELLANEOUS EQUIPMENT	15-SQ	0	432,331.46	239,876	192,456	24,810	5.74	7.80
399.00	348.00	OTHER INTANGIBLE PROPERTY	20-SQ	0	117,521.00	83,956	33,565	5,877	5.00	5.70
		TOTAL DEPRECIABLE PLANT			**112,296,886.97**	**31,541,703**	**92,024,657**	**2,889,250**	**2.57**	**31.90**
		NONDEPRECIABLE PLANT								
301.00	301.00	ORGANIZATION			20,364.32					
302.00	302.00	FRANCHISE AND CONSENTS			9,843.87					
303.00	303.00	LAND			178,493.00					
310.20	303.00	LAND			37,894.30					
310.30	303.00	LAND			84.31					
320.00	303.00	LAND			45,677.20					
340.10	303.00	LAND			45,669.53					
340.20	303.00	LAND			161,181.00					
		TOTAL NONDEPRECIABLE PLANT			**499,207.53**					
		TOTAL WATER PLANT IN SERVICE			**112,796,094.50**	**31,541,703**	**92,024,657**	**2,889,250**		

ST. LOUIS COUNTY WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1999

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1999	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	DEPRECIABLE PLANT						
311.00	Structures and Improvements	85-R2.5 *	(35)	5,666,094.52	182,059.67	3.21	1,717,209
316.00	Supply Mains						
	North County Plant	90-R2 *	(25)	247,150.37	7,639.60	3.09	117,279
	Central County Plant 3 & Rehab	90-R2 *	(25)	3,929,521.75	114,064.84	2.90	1,196,195
	South County Plant	90-R2 *	(25)	354,118.04	8,273.66	2.34	270,157
	Meramec Plant	90-R2 *	(25)	1,313,863.54	31,879.74	2.43	470,313
	Total Account 316			5,844,653.70	161,857.84	2.77	2,053,944
321.10	Structures and Improvements - Pumping	85-R2.5 *	(45)	4,724,814.94	166,079.44	3.52	2,271,425
321.20	Structures and Improvements - Boosters	55-R2.5	(45)	2,628,604.22	69,368.88	2.64	755,796
325.00	Electric Pumping Equipment						
	Installations prior to 1946	Fully Accrued		252,879.88	0.00	0.00	252,879
	Installations 1946 & susbequent	40-R2	(20)	23,703,247.97	711,097.46	3.00	8,506,401
	Installations 1946 & susbequent - Boosters	27-S0.5	(20)	1,022,543.36	45,400.93	4.44	386,431
	Total Account 325			24,978,671.21	756,498.39	3.03	9,145,711
326.00	Diesel Pumping Equipment						
	Stratman Pumping Station	Fully Accrued		68,146.82	0.00	0.00	68,146
	Lackland Pumping Station	Fully Accrued		139,072.77	0.00	0.00	139,073
	Central County Plant 3	Square *	0	2,084,382.88	75,238.70	3.61	468,097
	Total Account 326			2,291,602.47	75,238.70	3.28	675,316
331.00	Structures and Improvements						
	North County Plant	85-R2.5 *	(50)	2,606,509.80	84,818.35	3.25	1,805,334
	Central County Plant 1 & 2	85-R2.5 *	(50)	2,527,665.33	64,865.73	2.57	1,798,157
	Central County Plant 3 & Rehab	85-R2.5 *	(50)	19,957,835.59	692,806.19	3.47	7,241,182
	South County Plant	85-R2.5 *	(50)	1,649,506.13	73,895.00	4.48	884,791
	Meramec Plant	85-R2.5 *	(50)	7,300,312.49	214,739.22	2.94	2,981,202
	Total Account 331			34,041,829.34	1,131,124.49	3.32	14,710,666

ST. LOUIS COUNTY WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1999

DEPRECIABLE GROUP	SURVIVOR CURVE		NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1999	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
(1)	(2)		(3)	(4)	(5)	(6)	(7)
332.00 Water Treatment Equipment							
North County Plant	50-R2	*	(40)	6,344,072.48	276,570.03	4.36	2,456,417
Central County Plant 1 & 2	50-R2	*	(40)	2,261,526.27	66,249.33	2.93	1,960,517
Central County Plant 3 & Rehab	50-R2	*	(40)	21,656,368.92	826,777.17	3.82	5,442,516
South County Plant	50-R2	*	(40)	2,534,973.47	111,609.87	4.40	1,353,468
Meramec Plant	50-R2	*	(40)	7,184,458.77	229,028.51	3.19	2,925,704
Total Account 332				39,981,399.91	1,510,234.91	3.78	14,138,622
341.00 Structures and Improvements	70-R2.5	*	0	3,739,859.25	93,962.19	2.51	1,184,217
341.63 Structures and Improvements - River Crossing	10-SQ		0	267,357.22	26,735.72	10.00	120,300
342.00 Distribution Reservoirs and Standpipes	50-R2.5		(25)	9,417,721.03	235,443.01	2.50	3,591,360
343.10 Transmission Mains							
Ductile Iron	65-S0		(5)	63,237,934.72	1,022,557.41	1.62	9,236,093
Lock Joint	100-R1.5		(10)	3,875,206.31	42,627.25	1.10	1,398,133
Cast Iron	80-R2.5		(25)	15,930,185.28	248,909.15	1.56	8,332,745
Total Account 343.1				83,043,326.31	1,314,093.81	1.58	18,966,971
343.20 Distribution Mains							
Cast Iron - (1900-1928)	110-R4		(125)	1,671,698.21	34,228.03	2.05	2,520,165
Cast Iron - (1929-1956)	80-R3		(125)	10,380,277.38	291,945.30	2.81	13,002,360
Cast Iron - (1957 & Sub)	80-R3		(125)	41,450,707.85	1,165,801.15	2.81	32,123,526
Asbestos Cement	90-R2		(140)	990,705.68	26,392.39	2.66	970,983
Ductile Iron - 10" & Less	50-S1		(20)	115,963,512.72	2,783,124.28	2.40	19,824,140
Ductile Iron - 12"	50-S1		(15)	34,898,041.65	802,654.97	2.30	6,025,457
Cast Iron - 12"	75-R2		(40)	10,318,481.21	192,130.10	1.86	5,456,775
Total Account 343.2				215,673,424.70	5,296,276.22	2.46	79,923,406
343.30 Distribution Mains - Galvanized	51-L1.5		(15)	48,540.76	1,094.10	2.25	37,896
345.00 Services	55-R3		(15)	62,644.15	1,311.12	2.09	40,453
346.10 Meters	27-L2		15	10,460,592.30	328,978.23	3.14	3,952,629
346.20 Meters - ARB Equipment	27-L2		0	2,611,046.34	96,608.70	3.70	791,900

ST. LOUIS COUNTY WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1999

DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1999	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
(1)	(2)	(3)	(4)	(5)	(6)	(7)
347.10 Meter Installations	27-L2	0	2,665,236.60	98,473.67	3.69	1,338,002
347.20 Meter Installations - ARB Equipment	27-L2	0	4,913,332.66	181,793.32	3.70	1,286,595
348.00 Fire Hydrants	70-R1.5	(50)	27,570,448.29	591,386.14	2.15	7,661,122
390.00 Structures and Improvements						
Levees at Central County Plant	Square *	0	1,159,186.37	29,330.26	2.53	161,268
Other Structures	50-R1.5	0	191,848.22	3,836.96	2.00	55,923
Total Account 390			1,351,034.59	33,167.22	2.45	217,191
390.92 Leasehold Improvements - General Office	Square *	0	49,435.62	7,850.27	15.88	29,812
390.93 Leasehold Improvements - SCADA	10-S4	0	339,727.80	33,972.78	10.00	186,171
391.00 Office Furniture and Equipment						
Furniture	20-SQ	0	1,309,173.89	55,942.73	4.27	639,132
Equipment	15-SQ	0	284,216.12	15,421.49	5.43	122,153
Total Account 391			1,593,390.01	71,364.22	4.48 **	761,285
392.00 Transportation Equipment						
Autos	3.5-R4	45	722,748.27	113,569.05	15.71	142,459
Trucks	8-L2	25	5,363,540.12	502,296.17	9.37	1,305,803
Total Account 392			6,086,288.39	615,865.22		1,448,262
393.00 Stores Equipment	25-SQ	0	96,837.03	3,271.20	3.38	47,272
394.00 Tools, Shop and Garage Equipment						
Shop and Garage	25-SQ	0	600,549.75	23,200.01	3.86	309,623
Tools	20-SQ	0	2,601,824.12	123,828.60	4.76	901,693
Total Account 394			3,202,373.87	147,028.61		1,211,316

ST. LOUIS COUNTY WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1999

DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1999	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
(1)	(2)	(3)	(4)	(5)	(6)	(7)
395.00 Laboratory Equipment						
Furniture	20-SQ	0	280,154.51	11,695.10	4.17	162,528
Equipment	15-SQ	0	927,362.14	54,282.89	5.85	426,530
Total Account 395			1,207,516.65	65,977.99	5.46	589,058
396.00 Power Operated Equipment	8-L1.5	33	614,921.49	51,035.05	8.30	231,054
397.00 Communication Equipment	15-SQ	0	342,669.37	19,122.85	5.58	188,595
398.00 Miscellaneous Equipment	20-SQ	0	22,429.02	850.20	3.79	13,434
399.00 Other Tangible Property	10-SQ	0	36,139.82	2,031.97	5.62	33,092
TOTAL DEPRECIABLE PLANT			**495,573,963.58**	**13,370,156.13**		**169,320,082**
NONDEPRECIABLE PLANT						
301.00 Organization			4,710.29			
310.00 Land and Land Rights			69,782.56			
320.00 Land and Land Rights			281,516.67			
330.00 Land and Land Rights			1,273,816.19			
340.00 Land and Land Rights			3,912,475.40			
TOTAL NONDEPRECIABLE PLANT			**5,542,301.11**			
TOTAL UTILITY PLANT			**501,116,264.69**	**13,370,156.13**		**169,320,082**

* LIFE SPAN PROCEDURE USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.
** NEW ADDITIONS IN ACCOUNT 391.3, MAJOR SOFTWARE SYSTEMS, WILL HAVE A 10 PERCENT RATE.

THE YORK WATER COMPANY

Table 2. Estimated Survivor Curves, Original Cost, Book Reserve and Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2005

	Depreciable Group	Survivor Curve	Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intangible Plant								
301	Organization	Nondepr.	5,302.09					
302	Franchises and Consents	Nondepr.	4,917.92					
Total Intangible Plant			**10,220.01**	**0**	**0**	**0**		
Nondepreciable Plant								
303.11	Water Rights	Nondepr.	39,971.90					
303.12	Reservoir Land	Nondepr.	849,409.40					
303.2	Power and Pumping Land	Nondepr.	995,519.21					
303.3	Purification Land	Nondepr.	17,854.41					
303.4	Transmission and Distribution Land and Rights of Way	Nondepr.	29,890.80					
303.5	Distribution Reservoir and Standpipe Land	Nondepr.	462,985.58					
303.61	Office Land	Nondepr.	115,023.00					
303.62	Stores, Shop and Garage Land	Nondepr.	166,344.51					
Total Nondepreciable Plant			**2,676,998.81**	**0**	**0**	**0**		
Depreciable Plant								
304.15	Other Water Source Structures	Square	134,179.35	17,164	117,016	2,413	48.5	1.80
304.2	Power and Pumping Structures	Various	7,091,982.25	603,183	6,488,795	133,814	48.5	1.89
304.3	Purification Buildings	105-R1 *	1,317,185.77	495,400	821,788	22,752	36.1	1.73
304.61	Office Buildings	Square	1,089,828.30	416,709	673,119	14,795	45.5	1.36
304.62	Stores, Shop and Garage Buildings	Square	1,938,559.51	299,667	1,638,893	63,005	26.0	3.25
304.63	Miscellaneous Structures and Improvements	Square	59,750.70	38,296	21,456	1,865	11.5	3.12
305	Collecting and Impounding Reservoirs	Square	4,081,641.57	801,768	3,279,873	49,550	66.2	1.21
306	Lake, River and Other Intakes	Square	3,174,481.12	154,997	3,019,482	57,879	52.2	1.82
310.7	Oil Engine Pumping Equipment	Square	1,791,118.63	508,491	1,282,628	54,818	23.4	3.06
311	Electric Pumping Equipment							
	Pumping Equipment	40-R2	1,537,600.72	518,128	1,019,474	46,149	22.1	3.00
	SCADA Equipment	10-SQ	450,680.23	62,800	387,880	44,447	8.7	9.86
	Total Account 311		1,988,280.95	580,928	1,407,354	90,596		

THE YORK WATER COMPANY

Table 2. Estimated Survivor Curves, Original Cost, Book Reserve and Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2005

	Depreciable Group	Survivor Curve	Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Depreciable Plant, cont.								
320	Purification System							
	Filters, Basins and Piping	105-R1 *	2,310,445.96	1,289,497	1,020,946	30,398	33.6	1.32
	Chemical Treatment Equipment	20-L1	971,135.48	193,309	777,829	73,222	10.6	7.54
	Electronic Control Equipment	15-R2	355,151.16	130,682	224,469	26,304	8.5	7.41
	Total Account 320		3,636,732.60	1,613,488	2,023,244	129,924		
330	Distribution Reservoirs and Standpipes	Various	12,775,045.21	3,345,949	9,429,091	292,453	32.2	2.29
331	Transmission and Distribution Mains							
	Cast Iron Mains - 4 Inch and Under	100-R4	286,702.75	105,917	180,788	4,799	37.7	1.67
	Cast Iron Mains - 6 Inch and 8 Inch	110-R3	28,972,233.90	3,893,781	25,078,451	312,842	80.2	1.08
	Cast Iron Mains - 10 Inch and Over	110-R3	55,471,439.16	5,580,147	49,891,290	590,938	84.4	1.07
	Transite	100-R4	286,644.20	74,849	211,795	4,022	52.7	1.40
	Concrete	125-R5	575,570.00	128,193	447,376	6,145	72.8	1.07
	Steel	50-R3	888,479.53	175,925	712,556	20,300	35.1	2.28
	Valves and Valve Boxes	90-R3	4,369,582.52	581,717	3,787,862	57,869	65.5	1.32
	Copper, Plastic and Galvanized	65-R2.5	261,432.01	63,075	198,356	5,192	38.2	1.99
	Vaults	100-SQ	91,626.51	10,664	80,962	956	84.7	1.04
	Venturi Tubes	40-L1	10,026.74	9,615	411	31	13.3	0.31
	Emergency Bypass Piping	50-SQ	9,650.41	4,224	5,426	208	26.1	2.16
	Metering Equipment	25-R1.5	142,507.29	14,627	127,881	11,922	10.7	8.37
	Cleaning & Lining	60-L4	1,738,475.54	89,181	1,649,295	30,794	53.6	1.77
	Total Account 331		93,104,370.56	10,731,915	82,372,449	1,046,018		
333	Services	70-R3	22,962,780.45	4,647,877	18,314,911	369,660	49.5	1.61
334	Meters	33-R3	10,918,679.32	3,568,522	7,350,156	352,561	20.8	3.23
335	Fire Hydrants	75-R3	3,953,317.64	719,940	3,233,376	61,297	52.7	1.55
336	Backflow Preventers	40-R2	99,320.85	3,352	95,969	3,485	27.5	3.51
340	Office Furniture and Equipment							
	Furniture	30-SQ	208,995.16	151,601	57,394	2,455	23.4	1.17
	Equipment	10-SQ	99,135.10	65,041	34,094	6,433	5.3	6.49
	Mail Machine	10-SQ	59,047.19	56,825	2,222	261	8.5	0.44
	Computer	5-SQ	1,247,011.02	1,247,011			-	-
	Total Account 340		1,614,188.47	1,520,478	93,710	9,149		

THE YORK WATER COMPANY

Table 2. Estimated Survivor Curves, Original Cost, Book Reserve and Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2005

	Depreciable Group	Survivor Curve	Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Depreciable Plant, cont.								
341	Transportation Equipment							
	Cars		245,951.05			**		
	Trucks		783,121.57			**		
	Total Account 341		1,029,072.62	485,846	543,227	**		
342	Stores Equipment							
	Other	30-SQ	63,648.03	23,432	40,217	2,236	18.0	3.51
	Towmotor		17,085.46	17,085	0	**		
	Total Account 342		80,733.49	40,517	40,217	2,236		
343.1	Shop Equipment	30-SQ	28,307.16	12,655	15,653	770	20.3	2.72
343.2	Tools and Work Equipment	25-SQ	431,709.15	134,503	297,206	26,713	11.1	6.19
344	Laboratory Equipment	20-S1	45,608.38	20,818	24,791	2,556	9.7	5.60
345	Power Operated Equipment		97,380.45	61,114	36,266	**		
346	Communication Equipment	15-SQ	262,212.66	118,403	143,811	20,100	7.2	7.67
347	Miscellaneous Equipment	15-SQ	177,262.22	92,384	84,879	9,240	9.2	5.21
Total Depreciable Plant			**173,883,729.38**	**31,034,364**	**142,849,360**	**2,817,649**		
	Total Utility Plant in Service		**176,570,948.20**	**31,034,364**	**142,849,360**	**2,817,649**		
Customers' Advances for Construction								
304.2	Power and Pumping Structures	Square	36,183.63	13,498	22,686	744	30.5	2.06
311	Electric Pumping Equipment	40-R2	31,044.95	16,821	14,224	705	20.2	2.27
330	Distribution Reservoirs and Standpipes	Square	315,301.31	135,602	179,700	4,786	37.5	1.52
331	Transmission and Distribution Mains							
	Cast Iron Mains - 6 Inch and 8 Inch	110-R3	18,598,301.22	2,371,425	16,226,874	181,051	89.6	0.97
Total Customers' Advances for Construction			**18,980,831.11**	**2,537,346**	**16,443,484**	**187,286**		

THE YORK WATER COMPANY

Table 2. Estimated Survivor Curves, Original Cost, Book Reserve and Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2005

	Depreciable Group	Survivor Curve	Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Contributions in Aid of Construction								
303.5	Distribution Reservoir and Standpipe Land	Nondepr.	140,930.97					
304.2	Power and Pumping Structures	Square	98,186.69	17,058	81,129	2,576	31.5	2.62
304.3	Purification Buildings	105-R1 *	4,562.38	2,217	2,345	61	38.4	1.34
305	Collecting and Impounding Reservoirs	Square	70,625.00	10,457	60,168	540	111.4	0.76
311	Electric Pumping Equipment	40-R2	47,000.00	8,860	38,140	1,409	27.1	3.00
320	Purification System							
	Chemical Treatment Equipment	20-L1	7,698.00	1,532	6,166	571	10.8	7.42
330	Distribution Reservoirs and Standpipes	Square	828,834.66	95,872	732,963	16,592	44.2	2.00
331	Transmission and Distribution Mains							
	Cast Iron Mains - 4 Inch and Under	100-R4	21,007.10	3,922	17,085	230	74.3	1.09
	Cast Iron Mains - 6 Inch and 8 Inch	110-R3	13,449,658.47	1,328,544	12,121,114	154,143	78.6	1.15
	Cast Iron Mains - 10 Inch and Over	110-R3	124,582.87	5,482	119,101	1,329	89.6	1.07
	Valves and Valve Boxes	90-R3	18,452.37	2,211	16,241	245	66.3	1.33
	Total Account 331		13,613,700.81	1,340,159	12,273,541	155,947		
333	Services	70-R3	7,660.14	3,265	4,396	98	44.9	1.28
334	Meters	33-R3	35,905.94	23,150	12,756	1,151	11.1	3.21
335	Fire Hydrants	75-R3	20,759.24	8,191	12,567	269	46.7	1.30
340	Office Furniture and Equipment							
	Computer	5-SQ	4,492.86	4,493	0	0	-	-
Total Contributions in Aid of Construction			**14,880,356.69**	**1,515,254**	**13,224,171**	**179,214**		
Amortization of Negative Net Salvage						**101,716**		
	TOTAL UTILITY PLANT		**142,709,760.40**	**26,981,764**	**113,181,705**	**2,552,865**		

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* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

** Annual Accrual is Charged to Clearing Account.

AQUA PENNSYLVANIA, INC.

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	Depreciable Group	Survivor Curve		Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
Intangible Plant									
301	Organization	Nondepr.		4,638,359.11					
302	Franchises and Consents	Nondepr.		395,262.45					
303	Miscellaneous Intangible Plant	Nondepr.		1,144,843.93					
Total Intangible Plant				6,178,465.49					
Nondepreciable Plant									
303.11	Water Rights	Nondepr.		1,811,054.28					
303.12	Reservoir Land	Nondepr.		2,845,012.09					
303.13	Other Source of Supply Land	Nondepr.		6,429,145.01					
303.2	Power and Pumping Land	Nondepr.		1,007,562.11					
303.3	Purification Land	Nondepr.		1,295,051.52					
303.4	Transmission and Distribution Land and Rights of Way	Nondepr.		1,083,903.28					
303.5	Distribution Reservoir and Standpipe Land	Nondepr.		1,228,676.83					
303.61	Office Land	Nondepr.		3,101,973.42					
303.62	Stores, Shop and Garage Land	Nondepr.		1,022,081.44					
303.63	Miscellaneous Land	Nondepr.		961,510.91					
Total Nondepreciable Plant				20,785,970.89					
Depreciable Plant									
304.2	Power and Pumping Structures								
	Major Treatment Plants	100-S0.5	*	10,012,165.50	3,998,557	6,013,612	162,166	37.1	1.62
	Other Structures	45-R3		12,877,009.74	4,537,784	8,339,226	264,662	31.5	2.06
	Total Account 304.2			22,889,175.24	8,536,341	14,352,838	426,828		
304.3	Purification Buildings								
	Major Treatment Plants	90-S2	*	96,651,385.92	12,287,541	84,363,838	1,665,093	50.7	1.72
	Other Structures	45-R3		2,865,402.92	743,428	2,121,976	76,557	27.7	2.67
	Total Account 304.3			99,516,788.84	13,030,969	86,485,814	1,741,650		
304.61	Office Buildings	55-S1	*	21,301,277.97	7,085,763	14,215,513	589,115	24.1	2.77

AQUA PENNSYLVANIA, INC.

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	Depreciable Group	Survivor Curve		Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
Depreciable Plant, cont.									
304.62	Stores, Shop and Garage Buildings	85-R2.5	*	7,413,022.25	2,229,523	5,183,500	189,107	27.4	2.55
304.63	Miscellaneous Structures and Improvements	90-S1	*	3,536,109.06	1,474,466	2,061,645	103,657	19.9	2.93
305	Collecting and Impounding Reservoirs	Square	*	24,326,085.13	4,229,993	20,096,097	320,957	62.6	1.32
306	Lake, River and Other Intakes	Square	*	7,009,182.81	1,847,009	5,162,177	247,887	20.8	3.54
307	Wells and Springs	40-R2.5		30,450,194.98	6,704,328	23,745,867	875,378	27.1	2.87
310.4	Other Power Production Equipment	Square	*	475,166.32	227,137	248,029	12,162	20.4	2.56
310.7	Oil Engine Pumping Equipment	Square	*	9,969.20	8,816	1,154		-	-
311	Electric Pumping Equipment								
	Pumping Equipment	40-S1.5		54,324,995.74	21,397,586	32,927,408	1,436,191	22.9	2.64
	SCADA Equipment	10-SQ		4,014,884.97	3,960,265	54,619	5,749	9.5	0.14
	Total Account 311			58,339,880.71	25,357,851	32,982,027	1,441,940		
320	Purification System								
	Structures	75-R2.5	*	63,434,638.08	15,691,052	47,743,585	1,485,059	32.1	2.34
	Wells and Boosters	45-R3		1,307,632.41	533,132	774,498	32,211	24.0	2.46
	Subtotal			64,742,270.49	16,224,184	48,518,083	1,517,270	32.0	2.34
	Equipment	35-R2.5		29,770,536.55	10,669,140	19,101,398	916,404	20.8	3.08
	Computers	10-SQ		2,903,882.47	1,607,128	1,296,754	256,054	5.1	8.82
	Painting	10-SQ		176,435.71	176,436			-	-
	Filter Media	10-S3		2,583,427.82	2,227,199	356,226	85,264	4.2	3.30
	Total Account 320			100,176,553.04	30,904,087	69,272,461	2,774,992		
330	Distribution Reservoirs and Standpipes								
	Tanks	55-R4		37,210,600.85	11,854,248	25,356,354	859,341	29.5	2.31
	Tank Painting	10-SQ		7,949,993.37	5,251,422	2,698,571	688,114	3.9	8.66
	Total Account 330			45,160,594.22	17,105,670	28,054,925	1,547,455		

Depreciable Plant, cont.

AQUA PENNSYLVANIA, INC.

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	Depreciable Group	Survivor Curve		Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
331	Mains and Accessories								
	Cast Iron Mains - 4 Inch and Under	95-S1		11,862,879.81	1,423,617	10,439,258	167,678	62.3	1.41
	Cast Iron Mains - 6, 8 and 10 Inch	105-R4		417,293,672.92	46,929,081	370,364,591	4,472,609	82.8	1.07
	Cast Iron Mains - 12 Inch and Over	110-R3		214,205,395.73	23,126,214	191,079,180	2,344,621	81.5	1.09
	Steel Mains	70-R3		6,673,543.22	2,856,120	3,817,423	147,265	25.9	2.21
	Lock Joint Mains	110-R3		6,023,249.77	1,431,312	4,591,940	77,437	59.3	1.29
	Valves	70-R2.5		20,848,117.25	4,477,030	16,371,092	384,860	42.5	1.85
	Special Construction	60-R3		21,723,391.66	3,745,290	17,978,103	423,429	42.5	1.95
	Cement Wrought Iron Mains	90-R3		1,590,519.14	1,015,804	574,718	43,802	13.1	2.75
	Wrought Iron Mains	55-R2		71,737.87	56,424	15,312	1,864	8.2	2.60
	Copper Mains	55-R4		475,100.66	205,508	269,593	11,938	22.6	2.51
	Asbestos Cement Mains	105-R3		9,834,255.20	1,931,359	7,902,896	119,833	65.9	1.22
	Galvanized Steel Mains	45-S0.5		595,755.41	174,469	421,289	18,982	22.2	3.19
	Plastic	100-R3		7,130,524.35	979,037	6,151,489	84,121	73.1	1.18
	Main Cleaning & Lining	50-L4		47,715,081.51	7,093,354	40,621,727	1,019,171	39.9	2.14
	Total Account 331			766,043,224.50	95,444,619	670,598,611	9,317,610		
333	Services	70-R3		154,922,187.05	29,482,613	125,439,578	2,657,278	47.2	1.72
334	Meters								
	Conventional	23-L2	*	3,800,580.65	3,775,914	24,664	24,664	1.0	0.65
	Remote	16-R2.5		82,425,882.82	15,464,414	66,961,468	7,788,651	8.6	9.45
	ERTS	15-S3		28,920,861.15	2,509,285	26,411,576	2,187,032	12.1	7.56
	Total Account 334			115,147,324.62	21,749,613	93,397,708	10,000,347		
335	Fire Hydrants	75-R3		34,863,025.47	5,065,315	29,797,708	583,172	51.1	1.67
340	Office Furniture and Equipment								
	Furniture	20-SQ		2,389,776.20	1,359,955	1,029,821	80,246	12.8	**
	Mechanical Equipment	10-SQ		3,490,504.07	538,321	2,952,184	362,505	8.1	**
	Computers	5-SQ		37,437,749.59	24,499,321	12,938,430	4,534,528	2.9	**
	Total Account 340			43,318,029.86	26,397,597	16,920,435	4,977,279		
341	Transportation Equipment								
	Vehicles	7-S1.5		1,745,275.47	900,732	844,543	317,998	2.7	18.22
	Other	20-SQ		735,194.48	317,630	417,565	30,544	13.7	**
	Total Account 341			2,480,469.95	1,218,362	1,262,108	348,542		
342	Stores Equipment	20-SQ		170,315.19	191,686	(21,370)		-	**

AQUA PENNSYLVANIA, INC.

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	Depreciable Group	Survivor Curve	Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Depreciable Plant, cont.								
343.1	Shop Equipment	25-SQ	643,886.98	191,109	452,777	22,342	20.3	**
343.2	Tools and Work Equipment - General Equipment	20-SQ	7,889,624.49	3,791,288	4,098,335	306,016	13.4	**
344	Laboratory Equipment							
	Conventional	35-R2.5	1,068,037.53	533,478	534,564	26,279	20.3	2.46
	Electronic	20-R2	2,650,790.68	1,562,459	1,088,336	93,003	11.7	3.51
	Total Account 344		3,718,828.21	2,095,937	1,622,900	119,282		
345	Tools and Work Equipment - Construction Equipment	18-S3	7,173,181.68	4,184,474	2,988,709	225,913	13.2	3.15
346	Communication Equipment	15-SQ	2,895,368.94	1,332,127	1,563,241	186,292	8.4	**
347	Miscellaneous Equipment	25-SQ	1,702,637.75	176,747	1,525,892	70,627	21.6	**
348	Other Tangible Plant	25-SQ	6,224.40	(141)	6,365	271	23.5	**
Total Depreciable Plant			**1,561,578,328.86**	**310,063,299**	**1,251,515,044**	**39,086,099**		
TOTAL UTILITY PLANT IN SERVICE			**1,588,542,765.24**	**310,063,299**	**1,251,515,044**	**39,086,099**		
CUSTOMERS' ADVANCES FOR CONSTRUCTION								
331	Mains and Accessories							
	Cast Iron Mains - 6, 8 and 10 Inch	105-R4	49,995,669.14	6,068,857	43,926,811	477,648	92.0	0.96
	Cast Iron Mains - 12 Inch and Over	110-R3	32,709.00	6,229	26,480	309	85.7	0.94
	Total Account 331		50,028,378.14	6,075,086	43,953,291	477,957		
333	Services	70-R3	371,865.88	156	371,710	6,375	58.3	1.71
335	Fire Hydrants	75-R3	353,350.02	347	353,003	5,627	62.7	1.59
TOTAL CUSTOMERS' ADVANCES FOR CONSTRUCTION			**50,753,594.04**	**6,075,589**	**44,678,004**	**489,959**		
CONTRIBUTIONS IN AID OF CONSTRUCTION								
Nondepreciable Plant								
303.2	Power and Pumping Land	Nondepr.	3,605.04					
303.4	Transmission and Distribution Land and Land Rights	Nondepr.	4,505.75					
303.5	Distribution and Standpipe Land	Nondepr.	8,199.00					
Total Nondepreciable Plant			**16,309.79**					

AQUA PENNSYLVANIA, INC.

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	Depreciable Group	Survivor Curve		Original Cost at December 31, 2005	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
Depreciable Plant									
304.2	Power and Pumping Structures	45-R3		357,319.57	148,007	209,313	8,625	24.3	2.41
304.3	Purification Buildings	90-S2	*	77,762.76	8,314	69,449	1,174	59.2	1.51
307	Wells and Springs	40-R2.5		519,556.88	488,869	30,687	1,266	24.2	0.24
311	Electric Pumping Equipment	40-S1.5		197,275.89	129,886	67,389	3,615	18.6	1.83
320	Purification System - Equipment	35-R2.5		27,693.81	19,944	7,750	490	15.8	1.77
330	Distribution Reservoirs and Standpipes	55-R4		718,626.76	532,308	186,318	5,017	37.1	0.70
331	Mains and Accessories								
	Cast Iron Mains - 4 Inch and Under	95-S1		25,837.61	7,494	18,344	447	41.0	1.73
	Cast Iron Mains - 6, 8 and 10 Inch	105-R4		46,272,542.63	5,864,836	40,407,711	502,767	80.4	1.09
	Cast Iron Mains - 12 Inch and Over	110-R3		2,738,839.07	244,375	2,494,464	29,102	85.7	1.06
	Valves	70-R2.5		993.93	263	731	16	45.7	1.61
	Asbestos Cement Mains	105-R3		3,756,707.11	688,123	3,068,583	45,138	68.0	1.20
	Total Account 331			52,794,920.35	6,805,091	45,989,833	577,470		
333	Services	70-R3		2,038,878.51	452,581	1,586,300	32,873	48.3	1.61
334	Meters - Conventional	23-L2	*	74,473.95	70,851	3,625	3,845	0.9	5.16
335	Fire Hydrants	75-R3		2,164,375.55	626,474	1,537,904	31,145	49.4	1.44
Total Depreciable Plant				**58,970,884.03**	**9,282,325**	**49,688,568**	**665,520**		
TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION				**58,987,193.82**	**9,282,325**	**49,688,568**	**665,520**		
	Amortization of Net Salvage						4,072,798		
TOTAL UTILITY PLANT				**1,478,801,977.38**	**294,705,385**	**1,157,148,472**	**42,003,418**		

* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

** Accruals calculated for each asset by the Company's property record system using the amortization period set forth in Column 2.

MISSOURI-AMERICAN WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, BOOK RESERVE, AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 2005	BOOK RESERVE	FUTURE ACCRUALS	ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE	ANNUAL ACCRUAL RATE PERCENT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(4)
	DEPRECIABLE PLANT								
	STRUCTURES & IMPROVEMENTS								
304.10	SOURCE OF SUPPLY	55-R4	(35)	9,721,746.32	2,820,674	10,303,685	254,715	40.5	2.62
304.20	POWER AND PUMPING	75-R2.5 *	(30)	14,988,805.60	3,968,095	15,517,359	749,306	20.7	5.00
304.30	WATER TREATMENT	80-R3 *	(30)	73,589,429.82	23,830,651	71,835,606	1,882,361	38.2	2.56
304.40	TRANSMISSION AND DISTRIBUTION	45-R3	(20)	7,244,346.60	2,970,909	5,722,306	176,904	32.3	2.44
304.53	LEASEHOLD IMPROVEMENTS	20-SQ	0	339,727.80	204,161	135,567	15,949	8.5	4.69
304.61	OFFICE BUILDINGS	50-R1	(20)	1,159,540.81	201,133	1,190,317	31,855	37.4	2.75
304.70	SHOP AND GARAGE	50-R3	(20)	368,203.80	29,803	412,037	31,685	13.0	8.61
304.80	MISCELLANEOUS	50-R2	(20)	3,953,230.48	1,087,918	3,655,958	84,282	43.4	2.13
	TOTAL STRUCTURES & IMPROVEMENTS			**111,365,031.23**	**35,113,344**	**108,772,835**	**3,227,057**	**33.7**	**2.90**
305.00	COLLECTING AND IMPOUNDING RESERVIORS	80-R2.5 *	0	111,065.96	81,867	29,199	2,257	12.9	2.03
306.00	LAKE, RIVER AND OTHER INTAKES	65-R1.5 *	(15)	447,398.17	(604,013)	1,118,519	85,693	13.1	19.15
307.00	WELLS AND SPRINGS	60-R1.5	0	5,932,322.45	810,213	5,122,109	110,761	46.2	1.87
308.00	INFILTRATION GALLERIES AND TUNNELS	60-R2.5	0	1,803.84		1,804	31	58.2	1.72
309.00	SUPPLY MAINS	75-R2.5	(20)	16,784,337.37	4,191,425	15,949,775	245,910	64.9	1.47
310.10	POWER GENERATION EQUIPMENT	50-R2.5	0	323,229.99	59,650	263,580	6,956	37.9	2.15
310.20	BOILER PLANT EQUIPMENT	50-R3	0	347.69		348	37	9.4	10.64
311.00	ELECTRIC PUMPING EQUIPMENT	40-R1.5	(10)	43,198,806.66	17,799,499	29,719,187	1,005,267	29.6	2.33
320.00	WATER TREATMENT EQUIPMENT	45-R1.5	(25)	77,395,165.11	28,503,931	68,240,032	1,857,821	36.7	2.40
330.00	DISTRIBUTION RESERVOIRS & STANDPIPES	60-R3	(35)	23,704,253.98	8,081,500	23,919,245	607,705	39.4	2.56
331.00	MAINS - TRANSMISSION AND DISTRIBUTION	90-R2	(35)	607,111,067.78	137,857,396	681,742,548	8,955,684	76.1	1.48
332.00	MAINS - FIRE	90-R2	(35)	485,107.66	68,565	586,332	7,276	80.6	1.50
333.00	SERVICES	65-R2.5	(100)	21,219,663.90	4,724,555	37,714,773	726,728	51.9	3.42
334.00	METERS AND METER INSTALLATIONS	35-R2.5	3	49,184,063.16	15,981,347	31,727,194	1,342,106	23.6	2.73
335.00	FIRE HYDRANTS	65-R1.5	(25)	46,278,352.77	14,850,351	42,997,594	829,206	51.9	1.79
339.10	MISCELLANEOUS INTANGIBLE PLANT - OTHER	25-SQ	0	2,294.00	306,586	(304,292)	0	-	-
339.20	MISCELLANEIOUS SOURCE OF SUPPLY - OTHER	25-SQ	0	1,729.62		1,730	74	23.4	4.28
339.40	MISCELLANEOUS WATER TREATMENT - OTHER	30-SQ	0	1,481,666.20	79,970	1,401,697	53,111	26.4	3.58
339.50	MISCELLANEOUS TRANS. & DISTR. - OTHER	50-R3	0	18,610.15	7,494	11,117	671	16.6	3.61
339.60	MISCELLANEOUS INTANGIBLE PLANT - SOFTWARE	30-SQ	0	284,734.98	341,659	(56,924)	0	-	-
	TOTAL ACCOUNT 339			**1,789,034.95**	**735,709**	**1,053,328**	**53,856**	**19.6**	**3.01**
340.10	OFFICE FURNITURE	20-SQ	0	11,622,276.46	2,390,596	9,231,680	607,962	15.2	5.23
340.20	COMPUTER HARDWARE	6-SQ	0	4,694,073.56	377,695	4,316,381	2,368,726	1.8	50.46
340.30	COMPUTER SOFTWARE	5-SQ	0	8,906,110.38	2,173,175	6,732,935	2,905,028	2.3	32.62
340.50	OTHER EQUIPMENT	15-SQ	0	428,561.21	104,748	323,812	34,693	9.3	8.10
	TOTAL ACCOUNT 340			**25,651,021.61**	**5,046,214**	**20,604,808**	**5,916,409**	**3.5**	**23.07**

MISSOURI-AMERICAN WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, BOOK RESERVE, AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 2005	BOOK RESERVE	FUTURE ACCRUALS	ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE	ANNUAL ACCRUAL RATE PERCENT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(4)
	TRANSPORTATION EQUIPMENT								
341.10	LIGHT TRUCKS	8-L1.5	25	937,975.20	1,435,526	(732,043)	0	-	-
341.20	HEAVY TRUCKS	9-L2	25	4,947,093.52	3,219,493	490,826	107,161	4.6	2.17
341.30	AUTOS	5-L2.5	25	521,124.03	660,198	(269,356)	0	-	-
341.40	OTHER	15-S4	0	64,599.06	316,553	(251,954)	0	-	-
	TOTAL ACCOUNT 341			**6,470,791.81**	**5,631,770**	**(762,527)**	**107,161**		**1.66**
342.00	STORES EQUIPMENT	25-SQ	0	327,793.79	(262,638)	590,433	41,846	14.1	12.77
343.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	6,184,681.47	3,120,035	3,064,647	248,190	12.3	4.01
344.00	LABORATORY EQUIPMENT	15-SQ	0	1,975,567.59	871,321	1,104,249	264,844	4.2	13.41
345.00	POWER OPERATED EQUIPMENT	11-L1	25	1,277,894.05	828,838	129,583	17,761	7.3	1.39
346.10	COMMUNICATION EQUIPMENT - NON-TELEPHONE	15-SQ	0	1,261,394.04	606,690	654,700	85,062	7.7	6.74
346.20	COMMUNICATION EQUIPMENT - TELEPHONE	10-SQ	0	147,852.02	95,027	52,824	6,902	7.7	4.67
347.00	MISCELLANEOUS EQUIPMENT	15-SQ	0	1,289,294.57	181,126	1,108,170	105,302	10.5	8.17
348.00	OTHER TANGIBLE PROPERTY	20-SQ	0	927,074.65	202,100	724,974	535,920	1.4	57.81
	TOTAL DEPRECIABLE PLANT			1,050,844,418.27	284,575,822	1,076,230,263	26,393,748		**2.51**
	NONDEPRECIABLE PLANT								
301.00	ORGANIZATION			173,458.00	(25,007)				
302.00	FRANCHISES AND CONSENTS			39,500.89					
303.20	LAND AND LAND RIGHTS - SOURCE OF SUPPLY			1,681,713.63					
303.30	LAND AND LAND RIGHTS - PUMPING			367,015.70					
303.40	LAND AND LAND RIGHTS - WATER TREATMENT			1,579,103.84					
303.50	LAND AND LAND RIGHTS - TRANSMISSION & DISTRIBUTION			4,664,569.83	(741,642)				
303.60	LAND AND LAND RIGHTS - ADMINISTRATIVE			20,432.09					
	TOTAL NONDEPRECIABLE PLANT			8,525,793.98	(766,649)				
	TOTAL UTILITY PLANT			1,059,370,212.25	283,809,173	1,076,230,263	26,393,748		

* LIFE SPAN PROCEDURE IS USED. SURVIVOR CURVE SHOWN IS INTERIM CURVE.

INDIANA-AMERICAN WATER COMPANY
WATER ASSETS

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

NEW ACCT	OLD ACCT	DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2005 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	CALCULATED ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
		STRUCTURES & IMPROVEMENTS								
304.10	311.00	SOURCE OF SUPPLY	SQUARE *	0	3,361,122.45	413,087	2,948,035	72,476	2.16	40.7
304.20	321.00	PUMPING	SQUARE *	(25)	23,882,717.20	4,203,922	25,648,712	616,368	2.58	41.6
304.30	331.00	TREATMENT	SQUARE *	(30)	38,806,108.69	8,346,175	42,100,986	1,203,060	3.10	35.0
304.32	331.99	PAINTING	10-SQ	0	577,634.41	327,127	250,508	43,528	7.54	5.8
304.40	341.00	TRANSMISSION & DISTRIBUTION	45-R1	(15)	2,209,397.22	287,981	2,252,825	90,426	4.09	24.9
304.60	390.10	OFFICES	45-R1	(15)	2,090,997.91	660,218	1,744,427	73,999	3.54	23.6
304.62	390.11	LEASED	SQUARE *	0	60,098.76	16,276	43,823	4,613	7.68	9.5
304.70	390.20	STORES, SHOPS, & GARAGES	45-R1	(15)	2,981,402.01	1,311,893	2,116,721	95,528	3.20	22.2
304.80	390.30	MISCELLANEOUS	45-R1	(15)	998,300.94	283,802	864,245	34,683	3.47	24.9
		TOTAL ACCOUNT 304			74,967,779.59	15,850,481	77,970,282	2,234,681	2.98	34.9
305.00	312.00	IMPOUNDING RESERVOIRS	SQUARE *	0	7,755,543.77	3,091,802	4,663,743	105,566	1.36	44.2
306.00	313.00	RIVER INTAKE	SQUARE *	(5)	49,625,703.53	3,610,444	48,496,546	850,172	1.71	57.0
307.00	314.00	WELLS & SPRINGS	SQUARE *	(15)	8,440,869.14	1,943,612	7,763,388	244,687	2.90	31.7
308.00	315.00	INFILTRATION GALLERIES	SQUARE *	0	18,876.59	18,637	241	70	0.37	3.4
309.00	316.00	SUPPLY MAINS	75-S1 *	(20)	7,262,564.27	1,688,908	7,026,175	195,716	2.69	35.9
310.10	323.02	OTHER POWER EQUIPMENT	38-R0.5	(10)	1,568,282.09	803,739	921,373	44,804	2.86	20.6
311.29	325.00	ELECTRIC PUMPING EQUIPMENT	38-R0.5	(10)	39,040,927.43	15,730,162	27,214,863	1,266,235	3.24	21.5
311.30	326.00	DIESEL PUMPING EQUIPMENT	38-R0.5	(10)	1,123,553.40	442,344	793,561	41,449	3.69	19.1
311.40	327.00	HYDRAULIC PUMPING EQUIPMENT	38-R0.5	(10)	38,405.94	4,617	37,630	1,855	4.83	20.3
311.50	328.00	OTHER PUMPING EQUIPMENT	38-R0.5	(10)	485,772.72	209,469	324,880	15,923	3.28	20.4
320.10	332.00	WATER TREATMENT EQUIPMENT	40-R1	(25)	69,587,855.85	17,705,327	69,279,492	3,054,087	4.39	22.7
330.00	342.00	RESERVOIRS & STANDPIPES	65-R3	(60)	31,137,459.19	7,053,850	42,766,088	975,613	3.13	43.8
330.98	342.98	RESERVOIRS & STANDPIPES - PAINTING	10-SQ	0	1,219,780.27	1,219,780			-	-
331.01	343.00	MAINS	100-R2.5	(40)	325,709,520.14	48,917,766	407,075,565	5,895,117	1.81	69.1
333.00	345.00	SERVICES	75-R2.5	(120)	65,620,984.11	15,451,261	128,914,909	2,684,249	4.09	48.0
		METERS								
334.11	346.10	METERS - BRONZE CASE	16-L0.5	1	12,435,629.34	4,170,460	8,140,815	980,685	7.89	8.3
334.12	346.20	METERS - PLASTIC CASE	16-L0.5	1	241,352.41	136,248	102,691	14,864	6.16	6.9
334.13	346.00	METERS - OTHER	16-L0.5	1	9,791,099.64	4,713,325	4,979,866	676,126	6.91	7.4
		TOTAL ACCOUNT 334			22,468,081.39	9,020,033	13,223,372	1,671,675	7.44	7.9
334.20	347.00	METER INSTALLATION	60-R2.5	(40)	31,276,395.39	8,210,627	35,576,324	889,773	2.84	40.0
335.00	348.00	HYDRANTS	60-R2.5	(70)	28,814,080.00	7,224,849	41,759,088	1,096,725	3.81	38.1
339.50	349.00	OTHER TANGIBLE PLANT	15-SQ	0	91,601.63	24,387	67,214	5,540	6.05	12.1
339.60	303.99	MISCELLANEOUS INTANGIBLE PLANT	5-SQ	0	2,193,027.70	2,017,549	175,479	92,851	4.23	1.9

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INDIANA-AMERICAN WATER COMPANY
WATER ASSETS

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2005

NEW ACCT	OLD ACCT	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 2005	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		OFFICE FURNITURE & EQUIPMENT								
340.10	391.10	OFFICE FURNITURE	20-SQ	0	2,322,381.83	979,184	1,343,197	139,026	5.99 **	9.7
340.20	391.20	MAINFRAME COMPUTERS	5-SQ	0	2,188,087.73	1,606,733	581,335	432,030	19.74 **	1.3
340.21	391.21	PERSONAL COMPUTERS	5-SQ	0	152,702.46	110,264	42,438	27,193	17.81 **	1.6
340.22	391.23	MISC. COMPUTER EQUIPMENT	5-SQ	0	3,413,357.97	2,275,123	1,138,235	608,529	17.83 **	1.9
340.30	391.25	MAINFRAME COMPUTER SOFTWARE	5-SQ	0	78,753.91	49,923	28,832	16,772	21.30 **	1.7
340.31	391.26	PERSONAL COMPUTER SOFTWARE	5-SQ	0	8,566,420.44	2,442,099	6,124,322	1,701,977	19.87 **	3.6
340.32	391.28	OTHER SOFTWARE	5-SQ	0	328,019.14	244,159	83,859	56,801	17.32 **	1.5
340.50	391.30	OFFICE EQUIPMENT	15-SQ	0	279,916.02	138,897	141,021	26,917	9.62 **	5.2
		TOTAL ACCOUNT 340			17,329,619.50	7,846,382	9,483,239	3,009,245	17.36	3.2
		TRANSPORTATION EQUIPMENT								
341.10	392.11	LIGHT TRUCKS	8.5-L2.5	20	2,631,832.91	1,342,781	762,685	239,112	9.09	3.2
341.20	392.12	HEAVY TRUCKS	12-S2	15	664,286.31	309,368	255,276	48,417	7.29	5.3
341.30	392.20	CARS	5.5-R2	20	534,271.47	351,408	76,009	50,115	9.38	1.5
341.40	392.30	OTHER EQUIPMENT	15-L1.5	10	1,720,188.59	822,860	725,311	105,936	6.16	6.8
		TOTAL ACCOUNT 341			5,550,579.28	2,826,417	1,819,281	443,580	7.99	4.1
342.00	393.00	STORES EQUIPMENT	25-SQ	0	83,729.47	45,374	38,352	3,184	3.80 **	12.0
343.00	394.00	TOOLS, SHOP & GARAGE EQUIPMENT	25-SQ	0	3,071,406.63	1,272,366	1,799,043	176,069	5.73 **	10.2
344.00	395.00	LABORATORY EQUIPMENT	15-SQ	0	969,284.59	600,004	369,278	84,412	8.71 **	4.4
345.00	396.00	POWER OPERATED EQUIPMENT	19-L2.5	10	1,897,877.47	1,088,132	619,958	64,205	3.38	9.7
346.00	397.00	COMMUNICATION EQUIPMENT	15-SQ	0	3,741,867.09	1,942,297	1,799,568	271,711	7.26 **	6.6
347.00	398.00	MISCELLANEOUS EQUIPMENT	20-SQ	0	1,447,088.05	542,921	904,165	54,367	3.76 **	16.6
		TOTAL DEPRECIABLE PLANT			**802,538,516.22**	**176,403,537**	**930,883,097**	**25,473,561**	3.17	
		NONDEPRECIABLE PLANT								
301.00	301.00	ORGANIZATION			507,257.39					
302.00	302.00	FRANCHISE & CONSENTS			2,677.34					
303.20	310.00	LAND & LAND RIGHTS - POWER & PUMPING			8,037,148.84					
303.40	330.00	LAND & LAND RIGHTS - TRANSMISSION & DISTRIBUTION			2,235,987.90					
303.50	340.00	LAND & LAND RIGHTS - DIST. RESERVOIR & STANDPIPES			1,851,943.26					
303.60	389.00	LAND & LAND RIGHTS - OFFICES			564,607.80					
		TOTAL NONDEPRECIABLE PLANT			**13,199,622.53**					
		TOTAL PLANT			**815,738,138.75**	**176,403,537**	**930,883,097**	**25,473,561**		

* INTERIM SURVIVOR CURVE USED. EACH LOCATION HAS A UNIQUE PROBABLE RETIREMENT DATE.
** THE ANNUAL DEPRECIATION ACCRUAL RATE PROPOSED FOR NEW ADDITIONS IN THESE ACCOUNTS IS 100% DIVIDED BY THE AVERAGE LIFE IN COLUMN 2.

MASSACHUSETTS-AMERICAN WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, BOOK RESERVE, AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 1999

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1999	BOOK RESERVE	FUTURE ACCRUALS	ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE	ANNUAL ACCRUAL RATE PERCENT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(4)
311.00	STRUCTURES AND IMPROVEMENTS	SQUARE *	(5)	31,612.35	1,243	31,949	1,352	23.6	4.28
312.00	COLLECTING AND IMPOUNDING RESERVIORS	125-R2.5	0	49,673.61	9,202	40,471	490	82.6	0.99
313.00	LAKE, RIVER AND OTHER INTAKES	75-R3	0	1,108.90	204	905	29	31.2	2.62
314.00	WELLS AND SPRINGS	SQUARE *	0	785,854.42	102,023	683,826	13,535	50.5	1.72
316.00	SUPPLY MAINS	100-R3	(30)	961,707.97	176,992	1,073,229	11,266	95.3	1.17
321.00	POWER AND PUMPING STRUCTURES	90-S1.5 *	(5)	1,167,906.79	216,060	1,010,244	25,422	39.7	2.18
325.00	ELECTRIC PUMPING EQUIPMENT	35-R1.5	(20)	1,153,071.22	214,540	1,169,144	41,811	28.0	3.63
328.10	GAS ENGINE PUMPING EQUIPMENT	SQUARE *	0	139,969.24	8,144	131,826	6,702	19.7	4.79
328.20	GASOLINE PUMPING EQUIPMENT	SQUARE *	0	44,103.06	7,421	36,682	2,642	13.9	5.99
328.30	OTHER PUMPING EQUIPMENT	SQUARE *	0	11,569.92	3,154	8,416	1,251	6.7	10.81
331.00	STRUCTURES AND IMPROVEMENTS	45-R3	(5)	323,922.02	62,087	278,032	7,315	38.0	2.26
331.30	STRUCTURES AND IMPROVEMENTS - WATER TREATMENT	75-R2 *	(5)	440,016.77	32,518	429,500	9,909	43.3	2.25
	TOTAL ACCOUNT 331			763,938.79	94,605	707,532	17,224	41.1	2.25
332.00	WATER TREATMENT EQUIPMENT	25-L2	0	493,615.15	39,475	454,141	22,375	20.3	4.53
341.00	STRUCTURES & IMPROVEMENTS	45-R3	0	29,137.34	78	30,517	687	44.4	2.36
342.00	DISTRIBUTION RESERVOIRS & STANDPIPES	SQUARE *	(10)	395,539.33	72,185	362,910	15,158	23.9	3.83
343.00	MAINS AND ACCESSORIES	100-R3	(30)	15,482,791.03	2,681,053	17,446,577	213,461	81.7	1.38
345.00	SERVICES	65-R3	(20)	4,550,124.98	807,928	4,652,224	109,512	42.5	2.41
346.00	METERS	25-L2	10	881,698.60	159,524	634,005	35,045	18.1	3.97
347.00	METER INSTALLATION	25-L2	0	969,292.38	171,488	797,802	47,321	16.9	4.88
348.00	FIRE HYDRANTS	70-R1.5	(25)	323,767.29	56,722	347,987	5,985	58.1	1.85
	MISCELLANEOUS STRUCTURES & IMPROVEMENTS								
390.10	OFFICE	45-R3	(5)	15,863.42	2,919	13,737	344	39.9	2.17
390.20	STORES, SHOP & GARAGE	45-R3	(5)	16,057.74	2,956	13,904	727	19.1	4.53
390.30	MISC. STRUCTURES	45-R3	(5)	4,655.76	857	4,032	353	11.4	7.58
	TOTAL ACOUNT 390			36,576.92	6,732	31,673	1,424	22.2	3.89
391.10	OFFICE FURNITURE	20-SQ	0	164,505.01	30,831	133,677	18,140	7.4	11.03
391.20	COMPUTERS AND PERIPHERAL EQUIPMENT - MAINFRAME	5-SQ	0	104,067.42	14,487	89,583	40,672	2.2	39.08
391.21	COMPUTERS AND PERIPHERAL EQUIPMENT - PC	5-SQ	0	227,377.68	42,944	184,432	73,139	2.5	32.17
391.22	OTHER OFFICE MACHINE AND EQUIPMENT	5-SQ	0	1,006.43	185	821	547	1.5	54.35
391.23	OTHER COMPUTER EQUIPMENT	5-SQ	0	26,615.31	4,898	21,717	15,060	1.4	56.58
391.25	MAINFRAME COMPUTER SOFTWARE	5-SQ	0	146,756.30	20,805	125,951	27,989	4.5	19.07
391.26	PERSONAL COMPUTER SOFTWARE	5-SQ	0	7,613.48	2,810	4,803	4,528	1.1	59.47
391.28	OTHER SOFTWARE	5-SQ	0	15,987.37	5,256	10,731	2,385	4.5	14.92
391.30	OTHER OFFICE EQUIPMENT	15-SQ	0	45,515.11	8,251	37,264	11,258	3.3	24.73
	TOTAL ACCOUNT 391			739,444.11	130,467	608,979	193,718	3.1	26.20

MASSACHUSETTS-AMERICAN WATER COMPANY

TABLE 1. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, BOOK RESERVE, AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 1999

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1999	BOOK RESERVE	FUTURE ACCRUALS	ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE	ANNUAL ACCRUAL RATE PERCENT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(4)
	TRANSPORTATION EQUIPMENT								
392.11	LIGHT TRUCKS	8-L2	0	126.25	23	103	77	1.3	60.99
392.20	AUTOS	6-S3	0	48,589.10	472	48,117	8,749	5.5	18.01
392.30	TRAILERS	15-L1.5	0	252.77	47	206	95	2.2	37.58
	TOTAL ACCOUNT 392			48,968.12	542	48,426	8,921	5.4	18.22
393.00	STORES EQUIPMENT	30-SQ	0	8,617.54	1,586	7,031	416	16.9	4.83
	TOOLS, SHOP AND WORK EQUIPMENT								
394.10	SHOP EQUIPMENT	30-SQ	0	32,279.65	5,787	26,493	1,734	15.3	5.37
394.20	TOOLS AND WORK EQUIPMENT	25-SQ	0	244,400.53	40,888	203,511	13,200	15.4	5.40
	TOTAL ACCOUNT 394			276,680.18	46,675	230,004	14,934	15.4	5.40
395.00	LABORATORY EQUIPMENT	20-SQ	0	59,339.69	9,289	50,053	5,896	8.5	9.94
396.00	POWER OPERATED EQUIPMENT	20-SQ	0	157.50	29	129	11	11.7	6.98
397.00	COMMUNICATION EQUIPMENT	10-SQ	0	25,315.32	1,969	23,347	4,283	5.5	16.92
398.00	MISCELLANEOUS EQUIPMENT	20-SQ	0	69,081.97	5,724	63,358	4,016	15.8	5.81
399.00	OTHER TANGIBLE PROPERTY	25-SQ	0	41,406.00	7,620	33,786	1,733	19.5	4.19
	TOTAL DEPRECIABLE PLANT			29,542,069.72	5,032,674	30,717,173	806,620		
	NONDEPRECIABLE PLANT								
301.00	ORGANIZATION			82,594.84					
303.99	COMPREHENSIVE PLANNING STUDIES			16,922.01					
310.10	WATER RIGHTS			2,400.00					
310.20	RESERVOIR LAND			11,714.94					
310.30	OTHER SOURCE OF SUPPLY LAND			153,285.30					
320.00	PUMPING LAND AND LAND RIGHTS			58,597.10					
340.10	TRANSMISSION & DISTRIBUTION LAND			8,924.61					
340.20	DISTRIBUTION RESERVOIRS & STANDPIPES			8,643.25					
	TOTAL NONDEPRECIABLE PLANT			343,082.05					
	TOTAL UTILITY PLANT			29,885,151.77					

* LIFE SPAN PROCEDURE IS USED. SURVIVOR CURVE SHOWN IS INTERIM CURVE.

PENNSYLVANIA-AMERICAN WATER COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2002

	Depreciable Group	Survivor Curve	Net Original Cost at December 31, 2002	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intangible Plant								
301.00	Organization	Nondepr.	590,703.55					
302.00	Franchises and Consents	Nondepr.	2,403,743.28					
303.00	Miscellaneous Intangible Plant	Nondepr.	13,376.41					
	Total Intangible Plant		**3,007,823.24**					
Nondepreciable Plant								
303.11	Water Rights	Nondepr.	446,781.45					
303.12	Reservoir Land	Nondepr.	844,245.99					
303.13	Other Source of Supply Land	Nondepr.	466,360.92					
303.20	Power and Pumping Land	Nondepr.	1,106,233.99					
303.30	Purification Land	Nondepr.	1,219,968.16					
303.40	Transmission and Distribution Land and Rights of Way	Nondepr.	4,577,546.05					
303.50	Distribution Reservoirs and Standpipe Land	Nondepr.	2,118,214.03					
303.61	Office Land	Nondepr.	1,290,310.64					
303.62	Stores, Shop and Garage Land	Nondepr.	783,465.95					
	Total Nondepreciable Plant		**12,853,127.18**					
Depreciable Plant								
303.14	Water Rights - Hibernia	25-SQ	1,942,822.51	446,849	1,495,974	85,484	17.5	4.40
303.35	Waste Handling and Treatment Land	100-R1 *	155,025.17	69,641	85,384	6,557	13.0	4.23
303.99	Comprehensive Planning Studies	5-SQ	4,111,935.42	2,494,712	1,617,225	706,283	2.3	17.18
304.15	Other Water Source Structures	40-L2.5	5,575,780.35	1,080,461	4,495,322	176,639	25.4	3.17
304.20	Power and Pumping Structures							
	Large Structures	65-R2 *	19,812,659.18	3,129,832	16,682,827	522,430	31.9	2.64
	Other Structures	45-R3	14,623,472.15	2,976,788	11,646,686	413,610	28.2	2.83
	Total Account 304.2		34,436,131.33	6,106,620	28,329,513	936,040	30.3	2.72

PENNSYLVANIA-AMERICAN WATER COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2002

	Depreciable Group (1)	Survivor Curve (2)	Net Original Cost at December 31, 2002 (3)	Book Reserve (4)	Future Accruals (5)	Annual Accrual Amount (6)	Composite Remaining Life (7)	Annual Accrual Rate, Percent (8)
304.30	Purification Buildings							
	Large Structures	70-R2 *	119,521,326.61	21,301,691	98,219,641	2,791,928	35.2	2.34
	Other Structures	45-R3	6,376,194.33	1,808,192	4,568,004	176,485	25.9	2.77
	Total Account 304.3		125,897,520.94	23,109,883	102,787,645	2,968,413	34.6	2.36
304.36	Waste Handling and Treatment Structure	70-R2 *	11,155,017.78	2,524,163	8,630,855	262,031	32.9	2.35
304.38	Waste Handling & Treatment Structure Painting	10-SQ	38,331.32	38,331	0	0	-	-
304.39	Purification Buildings - Tank Painting	10-SQ	130,150.38	56,099	74,052	11,757	6.3	9.03
304.61	Office Buildings	50-R1.5 *	12,766,430.21	4,025,620	8,740,807	379,653	23.0	2.97
304.62	Stores, Shop and Garage Buildings	65-R2.5 *	8,343,873.29	3,096,823	5,247,051	281,796	18.6	3.38
304.63	Miscellaneous Structures and Improvements	65-R2.5 *	314,436.74	131,693	182,743	12,986	14.1	4.13
	Total Account 304		198,657,672.34	40,169,693	158,487,988	5,029,315	31.5	2.53
305.00	Collecting and Impounding Reservoirs	125-R2.5 *	29,812,285.45	1,396,954	28,415,327	705,905	40.3	2.37
306.00	Lake, River and Other Intakes	Square *	17,652,714.69	2,408,019	15,244,692	239,218	63.7	1.36
307.00	Wells and Springs	45-R2	6,996,285.58	1,202,334	5,793,954	221,901	26.1	3.17
310.40	Other Power Production Equipment	40-R3	2,055,682.44	258,072	1,797,610	60,030	29.9	2.92
310.70	Oil Engine Pumping Equipment	35-R2	363,507.76	227,235	136,273	9,719	14.0	2.67
310.80	Hydraulic Pumping Equipment	70-SQ	5,592.47	5,515	77	0	-	-
310.90	Gas Engine Pumping Equipment	30-SQ	19,993.71	11,672	8,321	375	22.2	1.88
	Total Account 310		2,444,776.38	502,494	1,942,281	70,124	27.7	2.87
311.00	Electric Pumping Equipment							
	1969 & Prior	44-R1.5	4,435,738.66	2,801,709	1,634,032	120,922	13.5	2.73
	1970 & Subsequent	33-R2	48,360,004.86	12,709,808	35,650,196	1,789,750	19.9	3.70
	Total Account 311		52,795,743.52	15,511,517	37,284,228	1,910,672	19.5	3.62
320.10	Purification System - Large Structures	70-R1.5 *	145,836,301.48	35,824,642	110,011,653	3,656,183	30.1	2.51
320.18	Purification System - Large Structures Paint	10-SQ	103,245.73	68,725	34,521	7,671	4.5	7.43
320.19	Purification System - Large Structures Paint	10-SQ	2,258,616.60	1,451,864	806,752	176,980	4.6	7.84
320.20	Purification System - Chemical Treatment							
	1969 & Prior	27-L3	165,075.28	127,942	37,134	8,661	4.3	5.25
	1970 & Subsequent	22-R2	42,678,394.94	13,887,959	28,790,435	2,325,767	12.4	5.45
	Total Account 320.20		42,843,470.22	14,015,901	28,827,569	2,334,428	12.3	5.45

PENNSYLVANIA-AMERICAN WATER COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2002

	Depreciable Group (1)	Survivor Curve (2)	Net Original Cost at December 31, 2002 (3)	Book Reserve (4)	Future Accruals (5)	Annual Accrual Amount (6)	Composite Remaining Life (7)	Annual Accrual Rate, Percent (8)
320.29	Purification System - Chem. Treatment Paint	Fully Accrued	8,167.87	8,168				
320.30	Granular Activated Carbon	3-L3	5,086,985.85	4,570,457	516,529	245,740	2.1	4.83
320.37	Waste Handling & Treatment - Equipment	22-R2	13,668,188.40	6,389,115	7,279,074	593,033	12.3	4.34
	Total Account 320		209,804,976.15	62,328,872	147,476,098	7,014,035	21.0	3.34
330.00	Distribution Reservoirs and Standpipes	55-R4	66,291,316.99	13,504,228	52,787,086	1,436,084	36.8	2.17
330.58	Distr. Reservoirs and Standpipes - Painting	10-SQ	1,795,410.21	684,443	1,110,967	122,277	9.1	6.81
330.59	Distr. Reservoirs and Standpipes - Painting	10-SQ	9,814,733.35	4,328,511	5,486,222	1,183,609	4.6	12.06
	Total Account 330		77,901,460.55	18,517,182	59,384,275	2,741,970	21.7	3.52
331.00	Mains and Accessories							
	4" & Under	62-R1	26,813,673.61	6,388,641	20,425,033	699,114	29.2	2.61
	CI,Conc & Val, 6" & 8"	110-R2.5	351,207,103.24	34,290,788	316,916,311	4,092,292	77.4	1.17
	CI,Conc & Val, 10" - 16"	110-R2	238,560,459.64	21,506,094	217,054,372	2,937,217	73.9	1.23
	CI,Conc & Val, 18" & Over	105-R2.5	82,583,792.03	13,671,297	68,912,492	1,043,373	66.0	1.26
	Steel, 6" & 8"	65-R3	573,924.72	183,725	390,201	15,301	25.5	2.67
	Steel, 10" & Over	65-R3	2,017,615.16	553,143	1,464,470	43,371	33.8	2.15
	A/C, 6" & 8"	65-R4	11,191,344.40	4,406,604	6,784,741	283,536	23.9	2.53
	A/C, 10" & Over	80-R4	1,970,277.50	611,111	1,359,166	34,786	39.1	1.77
	Plastic, 6" & 8"	50-R2.5	9,846,004.84	2,352,999	7,493,006	259,525	28.9	2.64
	Plastic, 10" & Over	90-R3	370,097.29	42,261	327,836	4,964	66.0	1.34
	Special Construction	90-R2	66,182,171.67	6,211,941	59,970,230	1,005,941	59.6	1.52
	Total Account 331		791,316,464.10	90,218,604	701,097,858	10,419,420	67.3	1.32
333.00	Services	67-R2	233,204,413.91	38,932,716	194,271,697	4,542,249	42.8	1.95
334.00	Meters							
	Material	16-L2	62,912,573.59	18,284,444	44,628,130	5,358,479	8.3	8.52
	Installations	16-L2	18,268,617.57	4,850,395	13,418,226	2,337,062	5.7	12.79
	Total Account 334		81,181,191.16	23,134,839	58,046,356	7,695,541	7.5	9.48

PENNSYLVANIA-AMERICAN WATER COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2002

	Depreciable Group	Survivor Curve	Net Original Cost at December 31, 2002	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate, Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
335.00	Fire Hydrants	65-R2	33,953,794.42	6,213,263	27,740,531	678,354	40.9	2.00
340.00	Office Furniture and Equipment							
	Office Furniture	20-SQ	2,998,774.94	1,329,013	1,669,765	174,936	9.5	5.83
	Computers and Peripheral Equipment	5-SQ	7,384,329.18	5,374,241	2,010,088	1,285,201	1.6	17.40
	Other Office Equipment	10-SQ	1,719,964.92	1,173,332	546,630	249,840	2.2	14.53
	Computer Software	5-SQ	21,104,757.33	11,936,528	9,168,233	5,099,072	1.8	24.16
	Total Account 340		33,207,826.37	19,813,114	13,394,716	6,809,049	2.0	20.50
341.00	Transportation Equipment	5-L3	1,217,627.54	754,335	463,293	339,869	1.4	27.91
342.00	Stores Equipment	20-SQ	339,778.92	161,868	177,909	15,445	11.5	4.55
343.00	Tools and Work Equipment	20-SQ	8,789,453.77	3,761,000	5,028,454	497,386	10.1	5.66
344.00	Laboratory Equipment	27-S0	4,569,877.71	2,159,300	2,410,580	157,856	15.3	3.45
346.00	Communication Equipment	15-SQ	4,112,962.43	1,333,158	2,779,807	318,287	8.7	7.74
347.00	Miscellaneous Equipment	25-SQ	7,857,382.44	1,584,191	6,273,189	326,209	19.2	4.15
	Total Depreciable Plant		**1,802,026,470.53**	**333,114,655**	**1,468,911,816**	**50,531,129**		
	AMORTIZATION OF NET SALVAGE					**4,348,286**		
	TOTAL UTILITY PLANT IN SERVICE		**1,817,887,420.95**	**333,114,655**	**1,468,911,816**	**54,879,415**		

* Life Span Procedure was used. Curve shown is Interim Survivor Curve.

CITY OF LANCASTER - BUREAU OF WATER

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, RATEMAKING BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT JUNE 30, 2006

	Depreciable Group	Survivor Curve	Original Cost at June 30, 2006	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NONDEPRECIABLE PLANT								
301	Organization		21,248.96					
302	Franchises and Consents		21,183.78					
311..11	Water Rights		71,459.00					
311.2	Power and Pumping Land		45,820.57					
311.2 3	Purification Land		22,872.00					
311.4	Transmission and Distribution Land		129,749.41					
311.5	Distribution Reservoir and Standpipe Land		103,466.00					
	TOTAL NONDEPRECIABLE PLANT		415,799.72					
DEPRECIABLE PLANT								
312.11	Collecting & Impounding Reservoirs	Square *	34,130.00	28,784	5,346	121	44.2	0.35
312.12	Lake, River & Other Intakes	Square *	465,270.65	160,433	304,838	7,533	40.5	1.62
312.2	Power and Pumping Structures							
	Willow Street Booster Station - Outside City	Square *	36,220.00	19,499	16,721	1,115	15.0	3.08
	Lampeter Booster Station - Outside City	Square *	6,591.00	4,595	1,996	154	13.0	2.34
	Kissel Hill Booster Station - Outside City	Square *	47,242.00	17,278	29,964	1,248	24.0	2.64
	Susquehanna River Intake & H.S. Pump Sta. - Joint	Square *	749,563.87	219,355	530,209	21,210	25.0	2.83
	Conestoga Pump Station - Joint	Square *	1,777,259.24	374,646	1,402,613	42,504	33.0	2.39
	Hess Boulevard Pump Station - Outside City	Square *	178,116.83	20,475	157,642	4,042	39.0	2.27
	Total Account 312.2		2,794,992.94	655,848	2,139,145	70,273	30.4	2.51
312.3	Purification Buildings	Square *	4,346,724.35	924,614	3,422,110	120,581	28.4	2.77
312.5	Distribution Reservoir and Standpipes							
	Underground Storage Reservoir - Oyster Pt. - Joint	Square *	997,967.00	357,584	640,383	25,615	25.0	2.57
	Willow Street Standpipe - Outside City	Square *	909,219.00	129,859	779,360	19,983	39.0	2.20
	Lafayette Standpipe - Outside City	Square *	586,051.00	326,820	259,231	15,249	17.0	2.60
	Lampeter Elevated Tank - Outside City	Square *	150,184.00	76,060	74,124	4,118	18.0	2.74
	Neffsville Tank - Outside City	Square *	386,543.65	130,042	256,502	9,865	26.0	2.55
	Blossom Hill Standpipe - Outside City	Square *	19,490.00	19,473	17	3	5.7	0.02
	Painting - Outside City	10-Square	177,263.00	177,263	0	0	-	-
	Fencing - Joint	25-Square	22,085.00	12,135	9,950	905	11.0	4.10
	Total Account 312.5		3,248,802.65	1,229,236	2,019,567	75,738	26.7	2.33
312.62	Stores, Shop & Garage Buildings	Square *	205,920.00	134,013	71,907	3,885	18.5	1.89
312.63	Miscellaneous Structures & Improvements	Square *	180,109.00	155,891	24,218	1,209	20.0	0.67
316	Electric Pumping Equipment	35-R2.5	1,629,309.71	1,265,638	363,672	26,194	13.9	1.61

CITY OF LANCASTER - BUREAU OF WATER

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, RATEMAKING BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT JUNE 30, 2006

	Depreciable Group	Survivor Curve	Original Cost at June 30, 2006	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
320	Purification System							
	Treatment Plant Equipment	40-R2.5	7,218,147.63	3,953,390	3,264,757	174,497	18.7	2.42
	Willow Street Chlorine Booster Station	15-Square	21,019.10	18,751	2,268	756	3.0	3.60
	Total Account 320		7,239,166.73	3,972,141	3,267,025	175,253	18.6	2.42
321	Laboratory Equipment	20-L1	100,684.00	53,966	46,718	4,894	9.5	4.86
322	Mains and Accessories							
	Cast Iron, 4 Inch and Under - Inside City	80-R2	29,173.00	14,916	14,257	516	27.6	1.77
	Cast Iron, 4 Inch and Under - Outside City	80-R2	118,449.53	41,014	77,436	2,144	36.1	1.81
	Total 4 Inch and Under		147,622.53	55,930	91,693	2,660	34.5	1.80
	Cast Iron, 6 Inch & Over - Inside City	110-R3	5,030,572.16	552,401	4,478,173	57,242	78.2	1.14
	Cast Iron, 6 Inch & Over - Outside City	110-R3	22,164,348.92	1,563,549	20,600,800	258,993	79.5	1.17
	Cast Iron, 6 Inch & Over - Joint	110-R3	4,043,599.74	504,163	3,539,437	47,875	73.9	1.18
	Total 6 Inch and Over		31,238,520.82	2,620,113	28,618,410	364,110	78.6	1.17
	Manholes - Inside City	110-R3	226,519.04	22,566	203,953	2,743	74.4	1.21
	Manholes - Outside City	110-R3	396,749.50	11,017	385,733	4,479	86.1	1.13
	Manholes - Joint	110-R3	129,079.00	24,906	104,173	1,885	55.3	1.46
	Total Manholes		752,347.54	58,489	693,859	9,107	76.2	1.21
	Valves and Valve Boxes - Inside City	75-R2.5	473,314.83	42,250	431,066	8,400	51.3	1.77
	Valves and Valve Boxes - Outside City	75-R2.5	1,321,654.17	91,502	1,230,152	23,824	51.6	1.80
	Valves and Valve Boxes - Joint	75-R2.5	237,527.58	80,328	157,199	4,534	34.7	1.91
	Total Valves and Valve Boxes		2,032,496.58	214,080	1,818,417	36,758	49.5	1.81
	Steel - Outside City	65-R3	6,437.00	3,888	2,549	140	18.2	2.17
	Steel - Joint	65-R3	1,832,100.00	970,649	861,451	42,440	20.3	2.32
	Total Steel		1,838,537.00	974,537	864,000	42,580	20.3	2.32
	Plastic - Outside City	60-R3	102,283.00	31,019	71,264	2,265	31.5	2.21
	Lancaster Meter Pit - Outside City	50-Square	11,681.00	7,448	4,233	370	11.4	3.17
	Total Account 322		36,123,488.47	3,961,616	32,161,676	457,850	70.2	1.27
323	Services							
	Inside City	60-R3	962,874.41	233,405	729,469	21,002	34.7	2.18
	Outside City	60-R3	4,100,282.19	994,579	3,105,702	88,442	35.1	2.16
	Total Account 323		5,063,156.60	1,227,984	3,835,171	109,444	35.0	2.16

CITY OF LANCASTER - BUREAU OF WATER

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, RATEMAKING BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT JUNE 30, 2006

	Depreciable Group	Survivor Curve	Original Cost at June 30, 2006	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
324	Meters							
	Inside City	20-S3	638,775.09	441,218	197,557	24,347	8.1	3.81
	Outside City	20-S3	2,541,909.68	1,637,220	904,689	99,208	9.1	3.90
	Total Account 324		3,180,684.77	2,078,438	1,102,246	123,555	8.9	3.88
325	Fire Hydrants							
	Inside City	70-R2	432,525.41	140,750	291,774	6,930	42.1	1.60
	Outside City	70-R2	1,301,513.74	278,159	1,023,355	23,635	43.3	1.82
	Total Account 325		1,734,039.15	418,909	1,315,129	30,565	43.0	1.76
328	Office Furniture and Equipment							
	Furniture	40-Square	9,571.00	5,438	4,133	125	33.1	1.31
	Equipment	25-Square	9,892.00	4,065	5,827	324	18.0	3.28
	Total Account 328		19,463.00	9,503	9,960	449	22.2	2.31
329	Transportation Equipment							
	Autos & Vans	7-L4	208,459.60	170,971	37,489	17,370	2.2	8.33
	Trucks	9-L4	857,803.60	648,408	209,396	69,561	3.0	8.11
	Trailers	14-L1	15,880.21	9,277	6,603	845	7.8	5.32
	Total Account 329		1,082,143.41	828,656	253,488	87,776	2.9	8.11
330	Stores Equipment	30-Square	12,902.00	7,304	5,598	613	9.1	4.75
331	Shop Equipment	35-Square	18,771.00	14,756	4,015	143	28.1	0.76
332	Tools and Work Equipment							
	General	15-Square	201,210.00	73,332	127,878	13,973	9.2	6.94
	Construction Equipment	15-Square	331,958.96	190,232	141,727	16,661	8.5	5.02
	Total Account 332		533,168.96	263,564	269,605	30,634	8.8	5.75
333	Communication Equipment	15-Square	21,606.00	18,027	3,579	438	8.2	2.03
334	Miscellaneous Equipment	20-Square	10,357.00	7,400	2,957	227	13.0	2.19
	Total Depreciable Plant		68,044,890.39	17,416,721	50,628,170	1,327,375		
	Total Utility Plant in Service		68,460,690.11	17,416,721	50,628,170	1,327,375		
	CUSTOMERS' ADVANCES FOR CONSTRUCTION							
322	Mains and Accessories							
	Cast Iron, 6 Inch & Over - Outside City	110-R3	544,557.00	73,200	471,357	7,145	66.0	1.31

CITY OF LANCASTER - BUREAU OF WATER

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, RATEMAKING BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT JUNE 30, 2006

	Depreciable Group	Survivor Curve	Original Cost at June 30, 2006	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	CONTRIBUTIONS IN AID OF CONSTRUCTION							
312.2	Power and Pumping Structures - Joint	Square *	164,176.00	63,939	100,237	3,037	33.0	1.85
312.5	Distribution Reservoir and Standpipes							
	Neffsville Tank - Outside City	Square *	246,282.00	84,678	161,604	6,216	26.0	2.52
	Total Account 312.5		246,282.00	84,678	161,604	6,216	26.0	2.52
316	Electric Pumping Equipment	35-R2.5	36,039.00	27,551	8,488	919	9.2	2.55
322	Mains and Accessories							
	Cast Iron, 4 Inch and Under - Inside City	80-R2	5,492.00	2,802	2,690	109	24.7	1.98
	Cast Iron, 4 Inch and Under - Outside City	80-R2	3,849.00	1,815	2,034	75	27.1	1.95
	Total 4 Inch and Under		9,341.00	4,617	4,724	184	25.7	1.97
	Cast Iron, 6 Inch & Over - Inside City	110-R3	709,968.00	66,320	643,648	8,321	77.4	1.17
	Cast Iron, 6 Inch & Over - Outside City	110-R3	4,678,613.79	166,697	4,511,917	52,505	85.9	1.12
	Cast Iron, 6 Inch & Over - Joint	110-R3	1,021,180.00	93,019	928,161	12,338	75.2	1.21
	Total 6 Inch and Over		6,409,761.79	326,036	6,083,726	73,164	83.2	1.14
	Manholes - Outside City	110-R3	232,387.50	5,008	227,380	2,587	87.9	1.11
	Valves and Valve Boxes - Inside City	75-R2.5	87,776.06	523	87,253	1,586	55.0	1.81
	Valves and Valve Boxes - Outside City	75-R2.5	309,033.88	3,026	306,008	5,553	55.1	1.80
	Total Valves and Valve Boxes		396,809.94	3,549	393,261	7,139	55.1	1.80
	Total Account 322		7,048,300.23	339,210	6,709,091	83,074	80.8	1.18
323	Services							
	Inside City	60-R3	32,000.00		32,000	636	50.3	1.99
	Outside City	60-R3	110,100.00		110,100	2,191	50.3	1.99
	Total Account 323		142,100.00	0	142,100	2,827	50.3	1.99
325	Fire Hydrants - Outside City	70-R2	250,090.58	13,965	236,125	5,021	47.0	2.01
	Total Contributions in Aid of Construction		7,886,987.81	529,343	7,357,645	101,094		
	Total Utility Plant		60,029,145.30	16,814,178	42,799,168	1,219,136		

* Life Span Procedure was used. Curve Shown is interim Survivor Curve

HAMPTON WATER WORKS COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1998

	DEPRECIABLE GROUP	SURVIVOR CURVE		NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1998	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
	(1)	(2)		(3)	(4)	(5)	(6)	(7)
	DEPRECIABLE PLANT							
303.00	TRANS. & DISTR. LAND RIGHTS							
	RIGHTS OF WAY	95-R3		0	35,488.04	373	1.05	3,581
	EASEMENTS	SQUARE	*	0	192,160.19	3,836	2.00	5,496
	TOTAL ACCOUNT 303				227,648.23	4,209	1.85	9,077
304.11	OTHER WATER SOURCE STRUCTURES	SQUARE	*	(10)	6,370.08	102	1.60	395
304.21	POWER & PUMPING STRUCTURES	90-S1.5	*	(10)	1,079,689.49	26,632	2.47	152,332
304.31	MISC. STRUCTURES & IMPROVEMENTS							
	LEASEHOLD IMPROVEMENTS	SQUARE	*	0	14,838.85	1,255	8.46	11,699
	MARSTON SPRINGS DISTR. FACILITY	SQUARE	*	(10)	314,627.14	8,536	2.71	102,771
	TOTAL ACCOUNT 304.31				329,465.99	9,791	2.97	114,470
	TOTAL ACCOUNT 304				1,415,525.56	36,525	2.58	267,197
307.00	WELLS & SPRINGS	SQUARE	*	0	1,819,974.46	26,463	1.45	169,080
309.00	SUPPLY MAINS	95-R3		(30)	182,934.65	2,497	1.36	40,569
310.25	ELECTRIC PUMPING EQUIPMENT	28-R2		(20)	714,232.74	30,598	4.28	269,566
310.26	DIESEL PUMPING EQUIPMENT	20-SQ		0	32,297.00	1,615	5.00	12,111
310.28	GAS ENGINE PUMPING EQUIPMENT	SQUARE	*	(10)	35,532.54	1,478	4.16	14,629
310.29	GASOLINE PUMPING EQUIPMENT	SQUARE	*	(10)	1,588.11	35	2.20	1,450
	TOTAL ACCOUNT 310				783,650.39	33,726	4.30	297,756

HAMPTON WATER WORKS COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1998

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1998	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
311.00	OTHER WATER SOURCE PLANT	75-SQ	0	10,512.38	140	1.33	1,191
320.00	PURIFICATION SYSTEM - CHEM. TREAT. EQUIP.	15-R2	0	106,358.09	6,977	6.56	61,830
330.00	DISTRIBUTION RESERVOIRS & STANDPIPES	SQUARE *	(20)	1,200,708.59	24,456	2.04	467,914
331.00	MAINS AND ACCESSORIES	95-R3	(30)	7,492,489.04	102,272	1.36	1,672,666
333.00	SERVICES	65-R3	(30)	2,791,681.28	55,889	2.00	832,989
334.10	METERS	16-L2	5	445,371.51	26,444	5.94	116,645
334.20	METER INSTALLATIONS	65-R3	0	214,939.72	3,310	1.54	47,174
335.00	FIRE HYDRANTS	55-R2.5	(25)	440,748.85	10,027	2.27	141,086
340.00	OFFICE FURNITURE & EQUIPMENT						
	OFFICE FURNITURE	30-SQ	0	57,481.49	1,776	3.09	21,045
	COMPUTERS AND PERIPHERAL EQUIP.	5-SQ	0	183,155.90	23,166	12.65	93,913
	OFFICE EQUIPMENT	15-SQ	0	6,262.06	214	3.42	5,328
	TOTAL ACCOUNT 340			246,899.45	25,156	10.19	120,286
341.00	TRANSPORTATION EQUIPMENT						
	LIGHT TRUCKS	5	20			16.00 **	
	CARS	5	20			16.00 **	
	TRAILERS	25-SQ	0	592.80	24	4.00	415
	TOTAL ACCOUNT 341			592.80	24		415
342.00	STORES EQUIPMENT	30-SQ	0	2,437.12	70	2.87	1,076
343.00	TOOLS, SHOP & GARAGE EQUIPMENT	25-SQ	0	70,602.48	2,445	3.46	36,559

HAMPTON WATER WORKS COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 1998

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AT DECEMBER 31, 1998	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
344.00	LABORATORY EQUIPMENT	15-SQ	0	16,800.79	1,121	6.67	9,428
345.00	POWER OPERATED EQUIPMENT	20-SQ	0	11,104.42	525	4.73	5,632
346.00	COMMUNICATION EQUIPMENT	10-SQ	0	229,465.33	22,947	10.00	123,949
347.00	MISCELLANEOUS EQUIPMENT	15-SQ	0	3,313.45	208	6.28	1,347
	TOTAL DEPRECIABLE PLANT			**17,713,758.59**	**385,431**		**4,423,866**
	NONDEPRECIABLE PLANT						
301.00	ORGANIZATION			17,700.00			
303.10	LAND AND LAND RIGHTS			444,375.49			
303.20	LAND AND LAND RIGHTS			708.51			
303.40	LAND AND LAND RIGHTS			108,586.91			
	TOTAL NONDEPRECIABLE PLANT			**571,370.91**			
	TOTAL UTILITY PLANT			**18,285,129.50**	**385,431**		**4,423,866**

* LIFE SPAN PROCEDURE USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

** ACCRUAL RATE APPLICABLE TO NEW ADDITIONS.

CONSUMERS PENNSYLVANIA WATER COMPANY
ROARING CREEK DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT SEPTEMBER 30, 1997

	Depreciable Group (1)	Survivor Curve (2)	Original Cost at September 30, 1997 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Intangible Plant								
301	Organiation		149,323.86					
302	Franchises and Consents		41,809.55					
Total Intangible Plant			**191,133.41**	**0**	**0**	**0**		
Nondepreciable Plant								
311.11	Water Rights		108,304.06					
311.12	Reservoir Land		149,010.80					
311.13	Other Source of Supply Land		1,309.00					
311.2	Power and Pumping Land		39,808.00					
311.4	Transmission and Distribution Land and Rights of Way		6,703.75					
311.5	Distribution Reservoir and Standpipe Land		36,674.09					
311.61	Office Land		4,629.00					
311.62	Stores, Shop and Garage Land		23,495.87					
Total Nondepreciable Plant			**369,934.57**	**0**	**0**	**0**		
Depreciable Plant								
312.11	Collecting and Impounding Reservoirs	SQUARE	5,455,292.09	1,084,368	4,370,925	86,543	50.5	1.59
312.12	Lake, River and Other Intakes	SQUARE	178,684.49	4,951	173,734	2,388	72.8	1.34
312.13	Wells and Springs	SQUARE	56,221.17	46,626	9,595	985	9.7	1.75
312.15	Other Water Source Structures	SQUARE	194.00	194	0	0	-	0.00
312.2	Power and Pumping Structures	SQUARE	778,673.27	55,762	722,910	16,100	44.9	2.07
312.3	Purification Buildings	SQUARE	5,536,753.24	235,534	5,301,220	112,478	47.1	2.03
312.5	Distribution Reservoir and Standpipes	SQUARE	1,804,034.62	377,141	1,426,894	34,159	41.8	1.89
312.61	Office Buildings	SQUARE	212,648.16	110,301	102,348	13,206	7.8	6.21
312.62	Stores, Shop and Garage Buildings	SQUARE	112,618.71	75,520	37,098	4,954	7.5	4.40
312.63	Miscellaneous Structures and Improvements	SQUARE	37,347.19	30,473	6,874	147	46.8	0.39
316	Electric Pumping Equipment	SQUARE	2,759,202.96	280,133	2,479,072	82,021	30.2	2.97
320	Purification System	SQUARE	5,497,618.13	234,795	5,262,826	119,787	43.9	2.18

CONSUMERS PENNSYLVANIA WATER COMPANY
ROARING CREEK DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT SEPTEMBER 30, 1997

	Depreciable Group (1)	Survivor Curve (2)	Original Cost at September 30, 1997 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Depreciable Plant, cont.								
321	Laboratory Equipment	SQUARE	184,065.52	35,360	148,706	12,971	11.5	7.05
322	Mains and Accessories	100-R2	12,866,378.39	1,584,576	11,281,803	185,968	60.7	1.45
323	Services	65-R3	2,533,035.37	610,940	1,922,101	49,367	38.9	1.95
324	Meters							
	Meters	50-R3	169,761.40	116,036	53,724	11,448	4.7	6.74
	Meters - 1988 & Subsequent	25-L2	1,999,957.06	313,395	1,686,562	99,900	16.9	5.00
	Meter Reading Equipment	10-SQ	28,626.99	14,757	13,870	2,612	5.3	9.12
	Total Account 324		2,198,345.45	444,188	1,754,156	113,960		
325	Fire Hydrants	75-R2	705,148.16	96,027	609,125	13,085	46.6	1.86
328	Office Furniture and Equipment							
	Furniture	30-L2	72,497.93	26,322	46,178	2,484	18.6	3.43
	Equipment	20-L2	62,437.74	29,433	33,006	3,068	10.8	4.91
	Computing	5-SQ	210,781.10	102,084	108,698	34,554	3.1	16.39
	Safes	SQUARE	389.85	(60)	450	58	7.8	14.88
	Total Account 328		346,106.62	157,779	188,332	40,164		
329	Transportation Equipment							
	Trucks	8-L2	54,394.01	35,521	18,873	5,205	3.6	9.57
330	Stores Equipment	SQUARE	4,371.22	4,007	364	91	4.0	2.08
331	Shop Equipment	30-L0	10,397.70	7,796	2,603	190	13.7	1.83
332	Tools and Work Equipment							
	General Equipment	30-L0	253,581.92	92,531	161,049	10,488	15.4	4.14
	Construction Equipment	SQUARE	128,115.03	77,272	50,844	5,709	8.9	4.46
	Total Account 332		381,696.95	169,803	211,893	16,197		
333	Communication Equipment	SQUARE	78,828.80	23,730	55,098	4,367	12.6	5.54
334	Miscellaneous Equipment	25-SQ	3,204.00	2,477	727	86	8.5	2.68
Total Depreciable Plant			**41,795,260.22**	**5,708,002**	**36,087,277**	**914,419**		
Total Utility Plant in Service			**42,356,328.20**	**5,708,002**	**36,087,277**	**914,419**		

CONSUMERS PENNSYLVANIA WATER COMPANY
ROARING CREEK DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT SEPTEMBER 30, 1997

	Depreciable Group (1)	Survivor Curve (2)	Original Cost at September 30, 1997 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Contributions in Aid of Construction								
312.5	Distribution Reservoir and Standpipes	SQUARE	417,241.00	59,299	357,942	7,657	46.7	1.84
322	Mains and Accessories	100-R2	2,254,515.74	126,915	2,127,599	31,377	67.8	1.39
323	Services	65-R3	181,386.34	18,329	163,057	3,356	48.6	1.85
325	Fire Hydrants	75-R2	103,529.86	10,317	93,215	1,811	51.5	1.75
Total Contributions in Aid of Construction			**2,956,672.94**	**214,860**	**2,741,813**	**44,201**		
Amortization of Negative Net Salvage						**24,779**		
	TOTAL UTILITY PLANT		**39,399,655.26**	**5,493,142**	**33,345,464**	**894,997**		

CONSUMERS PENNSYLVANIA WATER COMPANY
SHENANGO VALLEY DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 1996

	Depreciable Group (1)	Survivor Curve (2)		Original Cost at December 31, 1996 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Nondepreciable Plant									
301	Organiation			20,638.99					
302	PUC Franchise			4,750.00					
311.11	Water Rights			1,085.00					
311.2	Power and Pumping Land			66,311.18					
311.4	Transmission and Distribution Land and Rights of Way			26,101.78					
311.5	Distribution Reservoir and Standpipe Land			68,335.11					
311.61	Office Land			17,416.56					
311.62	Stores, Shop and Garage Land			211.15					
Total Nondepreciable Plant				**204,849.77**	**0**	**0**	**0**		
Depreciable Plant									
312.11	Collecting and Impounding Reservoirs	Square	*	21,708.51	10,750	10,959	510	21.5	2.35
312.12	Lake, River and Other Intakes	Square	*	106,933.39	55,834	51,099	3,015	16.9	2.82
312.2	Power and Pumping Structures	Square	*	897,612.91	311,845	585,763	23,076	25.4	2.57
312.3	Purification Buildings	Square	*	414,465.01	227,009	187,454	15,565	12.0	3.76
312.5	Distribution Reservoirs and Standpipes	Square	*	1,417,720.79	570,917	846,805	53,287	15.9	3.76
312.61	Office Buildings	Square	*	850,862.32	96,146	754,716	15,561	48.5	1.83
312.62	Stores, Shop and Garage Buildings	Square	*	57,559.44	25,820	31,739	1,476	21.5	2.56
314	Other Power Production Equipment	35-Sq		194,356.11	74,818	119,538	5,560	21.5	2.86
316	Electric Pumping Equipment	Various		1,748,809.96	461,355	1,287,456	99,984	12.9	5.72
317	Oil Engine Pumping Equipment	Square	*	238,403.24	90,096	148,307	6,897	21.5	2.89
320	Purification System	Various	*	4,525,899.27	2,071,907	2,453,996	148,887	16.5	3.29
321	Laboratory Equipment	15-L2		202,359.37	73,375	128,983	14,421	8.9	7.13

CONSUMERS PENNSYLVANIA WATER COMPANY
SHENANGO VALLEY DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 1996

	Depreciable Group (1)	Survivor Curve (2)		Original Cost at December 31, 1996 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Depreciable Plant, cont.									
322	Mains and Accessories								
	4 Inch and Under	50-L1		705,243.31	225,886	479,357	20,262	23.7	2.87
	6 and 8 Inch	110-R3		5,031,152.13	718,249	4,312,906	59,419	72.6	1.18
	10 Inch and Over	110-R3		7,132,733.36	817,701	6,315,032	80,224	78.7	1.12
	Galvanized Steel	35-L3		41,442.90	30,247	11,198	1,831	6.1	4.42
	Valves and Valve Boxes	75-R3		843,361.78	157,325	686,038	14,395	47.7	1.71
	Venturi Meters	Fully Accrued		4,334.52	4,335	0	0	0.0	0.00
	Special Construction	Square		20,225.54	3,041	17,184	309	55.6	1.53
	Total Account 322			13,778,493.54	1,956,784	11,821,715	176,440		
323	Services								
	Copper and Cast Iron	65-R3		3,807,852.36	997,518	2,810,339	72,544	38.7	1.91
	Galvanized	35-R2		41,694.45	32,405	9,291	963	9.6	2.31
	Total Account 323			3,849,546.81	1,029,923	2,819,630	73,507		
324	Meters								
	Standard	45-R4	*	73,577.62	59,965	13,614	7,401	1.8	10.06
	Remote	25-L2		1,608,572.98	362,358	1,246,215	81,780	15.2	5.08
	Remote Reading Equipment	10-Sq		36,209.03	12,749	23,461	3,093	7.6	8.54
	Total Account 324			1,718,359.63	435,072	1,283,290	92,274		
325	Fire Hydrants	70-R2		882,613.33	230,771	651,844	16,285	40.0	1.85
328	Office Furniture and Equipment								
	Furniture	40-S1		121,586.24	29,798	91,790	3,869	23.7	3.18
	Equipment	20-L1		29,425.84	9,443	19,982	1,914	10.4	6.50
	Computer Software	Square		95,040.46	68,045	26,995	8,438	3.2	8.88
	Computers	Square		233,794.04	122,969	110,824	35,833	3.1	15.33
	Total Account 328			479,846.58	230,255	249,591	50,054		

CONSUMERS PENNSYLVANIA WATER COMPANY
SHENANGO VALLEY DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 1996

	Depreciable Group (1)	Survivor Curve (2)	Original Cost at December 31, 1996 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Depreciable Plant, cont.								
329	Transportation Equipment							
	Automobiles	Square	107,732.72	44,435	63,298	22,242	2.8	20.65
	Trucks	Square	328,764.92	127,256	201,509	45,754	4.4	13.92
	Boat	Fully Accrued	222.75	223	0	0	0.0	0.00
	Total Account 329		436,720.39	171,914	264,807	67,996		
330	Stores Equipment	Fully Accrued	351.00	345	6	0	0.0	0.00
331	Shop Equipment	35-L0	6,023.72	2,817	3,207	196	16.4	3.25
332	Tools and Work Equipment							
	Tools	35-L0	169,704.57	34,869	134,836	7,570	17.8	4.46
	Construction Equipment	Square	115,996.81	34,692	81,305	7,236	11.2	6.24
	Total Account 332		285,701.38	69,561	216,141	14,806		
333	Communication Equipment	20-Sq	69,608.18	17,257	52,351	3,469	15.1	4.98
334	Miscellaneous Equipment	Square	13,278.68	9,464	3,815	519	7.4	3.91
Total Depreciable Plant			**32,197,233.56**	**8,224,035**	**23,973,212**	**883,785**		
	Total Utility Plant in Service		**32,402,083.33**	**8,224,035**	**23,973,212**	**883,785**		
Customers' Advances for Construction								
322	Mains and Accessories	110-R3	879,249.81	42,143	837,107	9,611	87.1	1.09
Total Customers' Advances for Construction			**879,249.81**	**42,143**	**837,107**	**9,611**		

CONSUMERS PENNSYLVANIA WATER COMPANY
SHENANGO VALLEY DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 1996

	Depreciable Group (1)	Survivor Curve (2)	Original Cost at December 31, 1996 (3)	Book Reserve (4)	Future Accruals (5)	Accrual Amount (6)	Remaining Life (7)	Annual Accrual Rate, Percent (8)
Contributions in Aid of Construction								
322	Mains and Accessories							
	4 Inch and Under	50-L1	3,873.64	1,066	2,808	99	28.4	2.56
	6 and 8 Inch	110-R3	1,040,518.27	154,669	885,849	11,157	79.4	1.07
	10 Inch and Over	110-R3	909,628.50	86,634	822,995	9,540	86.3	1.05
	Valves and Valve Boxes	75-R3	12,280.00	2,760	9,520	190	50.1	1.55
	Total Account 322		1,966,300.41	245,129	1,721,172	20,986		
323	Services							
	Copper and Cast Iron	65-R3	12,890.48	509	12,381	235	52.7	1.82
324	Meters							
	Remote	25-L2	5,485.67	3,234	2,252	235	9.6	4.28
325	Fire Hydrants	70-R2	13,588.80	2,441	11,148	250	44.6	1.84
Total Contributions in Aid of Construction			**1,998,265.36**	**251,313**	**1,746,953**	**21,706**		
Hubbard Project								
322	Mains and Accessories	Square *	829,205.86	79,512	749,694	41,650	18.0	5.02
Total Hubbard Project			**829,205.86**	**79,512**	**749,694**	**41,650**		
Amortization of Positive Net Salvage						3,430		
	TOTAL UTILITY PLANT		**30,353,774.02**	**8,010,091**	**22,138,846**	**890,688**		

* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

CONSUMERS PENNSYLVANIA WATER COMPANY
SUSQUEHANNA DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT SEPTEMBER 30, 1998

	Depreciable Group	Survivor Curve	Original Cost at 9-30-98	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NONDEPRECIABLE PLANT								
301	Organization		10,893.37					
311.2	Power and Pumping Land		35,885.83					
311.4	Transmission and Distribution							
	Land and Rights of Way		900.00					
311.5	Distribution Reservoir and Standpipe Land		2,401.34					
	TOTAL NONDEPRECIABLE PLANT		50,080.54					
DEPRECIABLE PLANT								
312.13	Wells and Springs	SQUARE	33,747.04	13,387	20,360	826	24.6	2.45
312.2	Power and Pumping Structures	SQUARE	48,545.50	18,563	29,983	1,305	23.0	2.69
312.5	Distribution Reservoir and Standpipes	SQUARE	1,046,508.51	41,790	1,004,718	19,047	52.7	1.82
312.63	Leasehold Improvements	SQUARE	61,573.01	58,254	3,319	0	-	-
316	Electric Pumping Equipment	SQUARE	194,803.27	71,087	123,720	13,015	9.5	6.68
317	Oil Engine Pumping Equipment	SQUARE	9,969.20	8,235	1,735	178	9.7	1.79
320	Purification System	SQUARE	60,934.69	779	60,157	7,654	7.9	12.56
321	Laboratory Equipment	SQUARE	21,398.95	3,493	17,907	1,416	12.6	6.62
322	Mains and Accessories							
	Cast Iron, 4 Inch and Under	50-L1	148,481.33	70,010	78,474	4,102	19.1	2.76
	Cast Iron, 6 and 8 Inch	110-R3	1,234,877.90	188,431	1,046,446	14,005	74.7	1.13
	Cast Iron, 10 Inch and Over	110-R3	924,524.51	121,451	803,072	10,328	77.8	1.12
	Galvanized - Wrought Iron	50-R2	7,791.18	5,454	2,337	169	13.8	2.17
	Valves and Valve Boxes	75-R3	478,589.73	66,850	411,742	7,422	55.5	1.55
	Steel Casing	50-SQ	3,654.06	1,899	1,755	81	21.7	2.22
	Copper Pipe	65-SQ	172.70	151	22	4	5.5	2.32
	TOTAL ACCOUNT 322		2,798,091.41	454,246	2,343,848	36,111		
323	Services							
	Galvanized - Wrought Iron	45-R3	70,987.81	40,793	30,198	2,876	10.5	4.05
	Copper	65-R3	1,876,290.63	242,911	1,633,383	33,636	48.6	1.79
	Cast Iron	65-R3	21,242.53	5,506	15,736	402	39.1	1.89
	TOTAL ACCOUNT 323		1,968,520.97	289,210	1,679,317	36,914		

CONSUMERS PENNSYLVANIA WATER COMPANY
SUSQUEHANNA DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT SEPTEMBER 30, 1998

	Depreciable Group	Survivor Curve		Original Cost at 9-30-98	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
324	Meters								
	1975 & Prior	45-R4	*	14,038.41	12,358	1,681	1,681	1.0	11.97
	1976 & Subsequent	20-R4		494,118.42	(29,122)	523,240	39,744	13.2	8.04
	TOTAL ACCOUNT 324			508,156.83	(16,764)	524,921	41,425		
325	Fire Hydrants	70-R2		278,248.54	49,489	228,761	5,048	45.3	1.81
328	Office Furniture and Equipment								
	Furniture	40-S1		10,873.83	4,298	6,576	360	18.3	3.31
	Equipment	20-L1		16,374.54	5,514	10,861	1,043	10.4	6.37
	Personal Computers	SQUARE		96,191.17	25,415	70,776	11,610	6.1	12.07
	Paradyne Equipment	SQUARE		9,652.69	9,130	523	523	1.0	5.42
	TOTAL ACCOUNT 328			133,092.23	44,357	88,736	13,536		
329	Transportation Equipment								
	Automobiles	SQUARE		1,124.00	1,124	0	0	-	-
	Trucks	SQUARE		8,193.40	2,738	5,456	1,680	3.2	20.50
	TOTAL ACCOUNT 329			9,317.40	3,862	5,456	1,680		
331	Shop Equipment	35-L0		4,081.03	2,675	1,407	84	16.8	2.06
332	Tools and Work Equipment								
	Construction Equipment	SQUARE		46,988.90	28,751	18,238	1,945	9.4	4.14
	Other Work Equipment and Small Tools	35-L0		108,145.49	25,818	82,327	4,659	17.7	4.31
	TOTAL ACCOUNT 332			155,134.39	54,569	100,565	6,604		
333	Communication Equipment	15-SQ		3,693.39	2,453	1,241	241	5.1	6.53
334	Miscellaneous Equipment	SQUARE		1,259.40	1,195	64	0	-	-
	TOTAL DEPRECIABLE PLANT			7,337,075.76	1,100,880	6,236,215	185,084		
	TOTAL UTILITY PLANT IN SERVICE			7,387,156.30	1,100,880	6,236,215	185,084		

CONSUMERS PENNSYLVANIA WATER COMPANY
SUSQUEHANNA DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT SEPTEMBER 30, 1998

	Depreciable Group	Survivor Curve	Original Cost at 9-30-98	Book Depreciation Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CUSTOMERS' ADVANCES FOR CONSTRUCTION								
322	Mains and Accessories							
	Cast Iron, 6 and 8 Inch	110-R3	71,400.00	3,330	68,071	750	90.8	1.05
	Cast Iron, 10 Inch and Over	110-R3	65,607.00	2,771	62,836	686	91.6	1.05
	TOTAL ACCOUNT 322		137,007.00	6,101	130,907	1,436		
CONTRIBUTIONS IN AID OF CONSTRUCTION								
322	Mains and Accessories							
	Cast Iron, 4 Inch and Under	50-L1	4,467.16	1,207	3,261	124	26.3	2.78
	Cast Iron, 6 and 8 Inch	110-R3	141,446.72	19,914	121,532	1,514	80.3	1.07
	Cast Iron, 10 Inch and Over	110-R3	59,158.12	4,520	54,638	616	88.7	1.04
	Valves and Valve Boxes	75-R3	993.93	146	848	15	56.5	1.51
	TOTAL ACCOUNT 322		206,065.93	25,787	180,279	2,269		
323	Services							
	Galvanized - Wrought Iron	45-R3	525.00	423	102	12	8.5	2.29
	Copper	65-R3	230.42	78	152	4	38.0	1.74
	TOTAL ACCOUNT 323		755.42	501	254	16		
	TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION		206,821.35	26,288	180,533	2,285		
AMORTIZATION OF NET SALVAGE						9,637		
	TOTAL UTILITY PLANT		7,043,327.95	1,068,491	5,924,775	191,000		

* LIFE SPAN PROCEDURE WAS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 156 of 312

Witness: John J. Spanos

156. Identify all industry statistics upon which Mr. Spanos relied in formulating the depreciation proposals.

Response:

See response to AGDR1#155.

For electronic version, refer to KAW_R_AGDR1#156_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 157 of 312

Witness: John J. Spanos

157. Which accounting method is reflected in the life studies; "location-life" or "cradle-to-grave"?

Response:

Cradle-to-grave is reflected in the life analysis.

For electronic version, refer to KAW_R_AGDR1#157_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 158 of 312

Witness: John J. Spanos

158. What is impact of the accounting method used, i.e., "location-life or "cradle-to-grave" on the lives calculated in the Depreciation Study?

Response:

There is no impact calculated for the "cradle-to-grave" method on lives as that method is utilized by Mr. Spanos during his studies.

For electronic version, refer to KAW_R_AGDR1#158_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 159 of 312

Witness: Michael A. Miller

159. Provide explanatory examples of the debits and credits relating to customer advances and contributions-in-aid of construction.

Response:

Credits to customer advances for construction (CAC) would normally relate to collection of funds. Credits to contributions in aid of construction (CIAC's) would normally relate to collection of funds or transfers of expired CAC's to CIAC.

Debits to CAC's would normally relate to refunds of deposits as prescribed by commission rules.

Debits to CIAC's would relate to amortization.

There could be miscellaneous debits and credits to both accounts to reflect adjustments to actual cost.

For electronic version refer to KAW_R_AGDR1#159_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 160 of 312

Witness: Michael A. Miller

160. Provide explanatory examples of the debits and credits relating to the accounts for which depreciation is charged to clearing accounts.

Response:

The Company does not charge depreciation to a clearing account.

For electronic version, refer to KAW_R_AGDR1#160_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 161 of 312

Witness: Michael A. Miller

161. Provide a copy of the Company's current capitalization policy. If the policy has changed at all since 2000, provide a copy of all prior policies in effect during any portion of that period.

Response:

Please refer to pages 10 to 23 of the attachment in the response to Item 2 of the Commission's First Set of Interrogatories filed May 21, 2007 and the attached file.

For the electronic version, refer to KAW_R_AGDR1#161_061807.pdf

April 06, 2007

Revised New Process for Routine Capital Work

From: From: Bob Sievers, Vice President & Controller and Gary Naumick, Director of Capital Program Management and Asset Planning & Strategy

Background: On January 26, 2007, an announcement was made to inform the business of a new process for routine capital work needed to ensure the complete and accurate capture of fixed asset additions and retirements. This announcement essentially stated that blanket work orders for all types of routine capital work except meters would be eliminated.

Due to feedback from the business, diligent work by the capital program management group and the PowerPlant project team as well as input from the SOx consultants, an alternative process was worked out which will achieve the same end result, while reducing the burden on the business by allowing the continued use of blanket work orders.

Revised New Process & Procedure: For the following categories of routine work: meter installations, meter replacements, service or lateral installations, service or lateral replacements, unscheduled main replacements, hydrant and valve installations and hydrant and valve replacements, the following process will be put into place effective on the PowerPlant go-live date of April 23, 2007:

All existing capital blanket work orders will be closed. New blanket work orders for each of the above categories of work will be created and available for use*. These work orders will be set up by municipality (or utility system for IL and PA), but will not be differentiated by size or type (as was the case in the past). These new blanket work orders will be perpetual (i.e new ones will not need to be set up periodically) and there'd be no more than seven (each of the above listed categories) for each municipality. The list of the new numbers will be disseminated as soon as the list is finalized (sometime during the week of April 9).

Each month, after the month-end close, the project manager of each blanket work or-der will be required to update the as-built of the work order to reflect the types, quantities, and approximate installation or removal cost of each of the assets installed or retired on that work order during the prior month. As each as-built is completed, PowerPlant will ask the user if the as-built is complete/final. When the user responds "Yes" to that prompt, the supervisor of the project manager of the associated recurring project will be notified that the as-built is ready for review/approval. That person will then review the as-built for completeness and accuracy, and indicate their approval by changing the "As-Built Status" flag on the work order. The change of the as-built status will then allow the PowerPlant system to

automatically create or retire the appropriate asset records and allocate the work order charges to those assets based on the as-built. After the unitization process is complete, the review/approval flags will be reset and the same process will repeat the following month.
*This applies to company funded work only. Developer funded work requires individ-ual work orders written against the recurring projects for developer-funded work.
Note: All other types of work outside of these seven categories, including planned main installation/replacement, require individual work orders for each job. These seven categories align with the following new recurring project line items:
Line C: Mains - Unscheduled
Line E: Hydrants, Valves, and Manholes - New
Line F: Hydrants, Valves, and Manholes - Replaced
Line G: Services and Laterals - New
Line H: Services and Laterals - Replaced
Line I: Meters - New
Line J: Meters - Replaced
Example of Revised New Process: Jane Doe is responsible for new service installations and service replacements for the Apple District of Example-American Water Company. The Apple district serves five municipalities, Town A, Town B, etc.
Over the course of April 2007, Jane and her team charge their costs to one or more of the ten blanket work orders that apply to new service installations or service replacements in the five municipalities served by the Apple district.
After the April month-end close, SSC-Fixed Assets/Job Cost will announce that it is time to update the blanket work order as-builts for April. Jane and/or a member of her team will update the appropriate as-builts with the types, quantities and approximate installation or removal costs of the assets installed and/or retired on the work order(s) charged for work done during the month of April. As each are finalized, Jane's supervisor will receive notification that the as-builts are ready for review/approval.
Jane's supervisor will then review the as-builts on each of the blanket work orders for completeness and accuracy. For each that is complete and accurate, Jane's supervisor will change the As-Built Status flag on each work order to "Reviewed/Approved". If any are not complete or accurate, Jane's supervisor will notify Jane directly to make the appropriate corrections. This process must be complete one-week after each SSC-Fixed Assets/Job Cost month-end close.
SSC-Fixed Assets/Job Cost will then run the unitization process which will create and retire asset records based on the as-built, spread the costs that have accumulated on that work order to those assets, and

transfer the costs from Work in Progress to Plant in Service. When that process is complete, the review/approval flags will be reset on all blanket work orders to allow the process to repeat next month.
Analysis of Example: The only difference between the above process and the current procedure is the approval step by Jane's supervisor (required as a SOx control). Also, by having the status flags and approval process in the system, we can ensure compliance with the new procedure by being able to easily identify who is not completing/approving as-builts in a timely fashion.
Benefits: Ensures accurate information capture for all types of work, including routine. Ensures ownership of individual work orders. Enables better budgetary control. Enables more detailed tracking of work performed on a monthly basis. Most importantly, in line with SOx, ensures complete and accurate asset addition and retirement information capture for routine work in addition to larger projects.
Content Owner: None
Last Update: April 06, 2007

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 162 of 312

Witness: John J. Spanos

162. Identify and explain all changes since the last depreciation study which might affect depreciation rates.

Response:

Depreciation rates are affected by survivor curves, net salvage percents, plant activity, depreciation procedures, reserve to plant ratio and the attained age of the surviving balance of each account. Every account has a change in at least one of these components and some accounts have multiple changes that affect the rates.

For electronic version, refer to KAW_R_AGDR1#162_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 163 of 312

Witness: Linda C. Bridwell

163. Please provide the most recent Asset Management Plan for KAWC.

Response:

Please refer to the 1992 Least Cost/Comprehensive Planning Study filed with the PSC in July 1992 (also available for inspection at Kentucky American Water's main office at 2300 Richmond Road, Lexington, KY) and the 2007-2011 capital plan filed in response to Item 8 of the PSC's First Set of Interrogatories in this case.

For electronic version, refer to KAW_R_AGDR1#163_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 164 of 312

Witness: John J. Spanos

164. Please provide on diskette or CD all tabulations included in the Depreciation Study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the study. Please provide this and all electronic data in Excel (or .txt format if appropriate), with all formulae intact. Please provide any record layouts necessary to interpret the data. Please include in the response electronic spreadsheet copies of all of the schedules and/or tables included in the Depreciation Study, with all formulae intact.

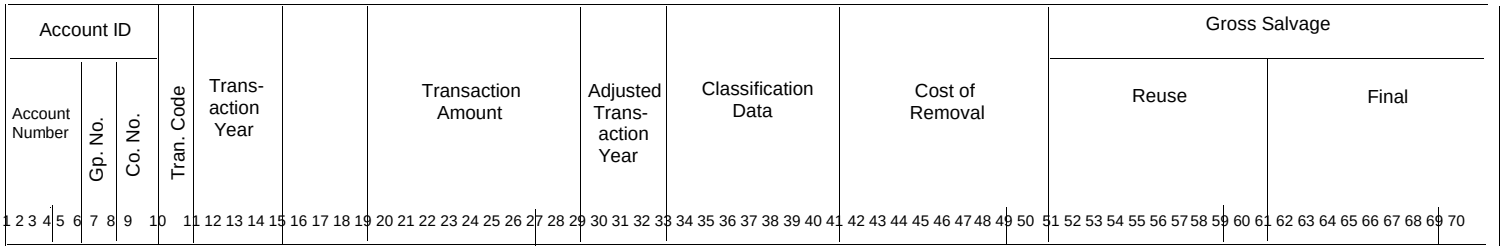
Response:

Please refer to the following data files, text files and tabulations necessary to recreate, in their entirely, the preparation of the depreciation study. The Excel spreadsheet has all formulae intact. The record layout for the data file is the pdf file.

KAW_R_AGDR1#164_slf2006_061807.txt
KAW_R_AGDR1#164_80-06sal_061807.txt
KAW_R_AGDR1#164_DEPRATE_061807.txt
KAW_R_AGDR1#164_RETRATE_061807.txt
KAW_R_AGDR1#164_SALVAGE_061807.txt
KAW_R_AGDR1#164_KAWC-2006_061807.xls
KAW_R_AGDR1#164__recordlayout_061807.pdf

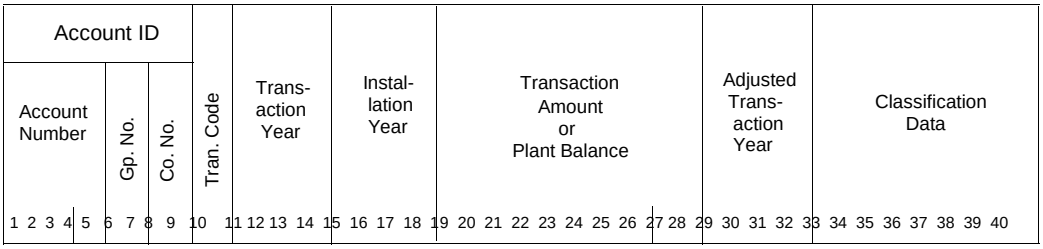
For electronic version of this document, refer to KAW_R_AGDR1#164_061807.pdf

RECORD LAYOUT FOR COST OF REMOVAL AND SALVAGE DATA



Columns	Description
	Account Identification
1-5	Account Number. The primary account number recorded in the Continuing Property Record.
6-7	Group Number. Numeric codes for subdividing the primary account. Normally, group numbers are not used in the compilation of cost of removal and salvage data.
8-9	Company Number. Numeric code assigned by the user for identification of specific Company data files.
10	Transaction Code. Numeric code which identifies the type of transaction. The valid transaction codes are as follows (refer to "Transaction Code Descriptions" for more detailed explanations): 0 - Regular Retirement 1 - Reimbursed Retirement 2 - Sale 6 - Adjustment 7 - Outlier Retirement
11-14	Transaction Year. Year the entry was recorded to the depreciation reserve account.
19-28	Transaction Amount. Amount of the retirement, or other transaction, recorded to the plant account (normally a credit entry) and to the depreciation reserve account (normally a debit entry). If the amount is a credit entry to the plant account, a minus sign over the unit's position (Column 28) is required (refer to "Recommended Sign Convention" for further explanation).
29-32	Adjusted Transaction Year. Only used for entries correcting a previous entry. The year entered is the transaction year of the original entry being corrected.
33-40	Classification Data. Optional descriptive and/or numeric data used for further record identification purposes.
41-50	Cost of Removal. All costs associated with the retirement of plant and recorded to the depreciation reserve account (normally a debit entry). If the amount is a credit to the depreciation reserve account, a minus sign over the unit's position (Column 50) is required.
51-60	Reuse Salvage. Value of retired plant which is returned to stores (materials and supplies) for subsequent reuse and recorded to the deprecation reserve account (normally a credit entry). If the amount is a credit entry to the depreciation reserve account, a minus sign over the unit's position (column 60) is required.
61-70	Final Salvage. Trade-in values, receipts from sale of scrap, and other receipts resulting from the disposition of retired plant and recorded to the depreciation reserve account (normally a credit entry). Receipts for transactions coded as Reimbursed Retirements (Code 1) and Sales (Code 2), also credits to the depreciation reserve account, are entered as "Final Salvage" for purposes of this analysis, and any other salvage is entered as "Reuse Salvage". If the amount is a credit entry to the depreciation reserve account, a minus sign over the unit's position (Column 70) is required.

RECORD LAYOUT FOR PLANT ACCOUNTING DATA



Columns	Description

Account Identification.

1-5 Account Number. The primary account number recorded in the Continuing Property Record.

6-7 Group Number. Numeric codes for subdividing the primary account into life span, or other, groups such as major buildings, power plants, reservoirs, etc.

8-9 Company Number. Numeric code assigned by the user for identification of specific Company data files. Columns 8-9 may also be used for expanding the Group Number field to Columns 6-9.

10 Transaction Code. Numeric code which identifies the type of transaction or plant balance. The valid transaction codes are as follows (refer to "Transaction Code Descriptions" for more detailed explanations):

0 - Regular Retirement
1 - Reimbursed Retirement
2 - Sale
3 - Transfer
4 - Beginning-of-Interval Transfer
5 - Acquisition
6 - Adjustment
7 - Outlier Retirement
8 - Ending Balance
9 - Beginning Balance or Gross Addition

11-14 Transaction Year. Year the accounting transaction was recorded to the plant account.

15-18 Installation Year. Year the property item was first placed in public service, not necessarily the year it was placed in its present location (not required for "Simulated" data, except for the optional beginning aged balance).

19-28 Transaction Amount or Plant Balance. Transaction amount recorded to the plant account, or the surviving plant balance at a specific date. If the amount is a credit entry to the plant account, a minus sign over the unit's position (Column 28) is required (refer to "Recommended Sign Convention" for further explanation).

29-32 Adjusted Transaction Year. Only used for entries correcting a previous entry. The year entered is the transaction year of the original entry being corrected.

33-40 Classification Data. Optional descriptive and/or numeric data used for further record identification purposes.

RECOMMENDED SIGN CONVENTION

1. Plant accounting entry amounts (columns 19-28) are coded according to whether they are debits or credits to the plant account. Credit entries are identified by a minus sign over the units position (column 28). The software will accept sign characters in the units position in either ASCII OR EBCDIC form. However, when editing data files, for ease of keyboard entry of credit amounts it is recommended that the EBCDIC form be used as follows:

Unsigned Digit (Debit) in Units Position of Amount Field	Equivalent EBCDIC Keyboard Character for Credit Amount
0	}
1	J
2	K
3	L
4	M
5	N
6	O
7	P
8	Q
9	R

Cost of removal and salvage entries (columns 41-50, 51-60 and 61-70) are coded according to whether they are debits or credits to the depreciation reserve account. Cost of removal normally is a debit to the reserve and salvage normally is a credit. Credit entries are identified by a minus sign over the units position in the same manner as explained above for the plant account entries.

2. An alternative to item 1 above is to enter the amount fields in “free form”. Under the “free form” option, leading (or trailing) minus signs and decimal points are valid characters; plus signs and commas are also valid but they serve no purpose and are merely stripped from the input during the internal conversion process. The only “free form” restriction is that each amount field entry must be right-justified on the units position. Therefore, column 28 for transaction amounts are columns 50, 60 and 70 for cost of removal and salvage amounts must not be blank.

   In addition to providing compatibility with the sign conventions of other software products, the “free form” option provides flexibility for entering rounded dollar amounts greater than 99,999,999.00, the previous maximum. For example, an entry of “999999999.", in columns 19-28 is interpreted as 999,999,999.00, the largest possible debit amount. The largest possible whole dollar credit amount which can be entered in “free form” is “-999999999.", or 99,999,999.00 CR. Note that when both dollars and cents are required for control purposes, the entry of a decimal point is not necessary although its omission is optional. That is, during the internal conversion process, the entry of dollars and cents is always assumed unless a decimal point is present.

TRANSACTION CODE DESCRIPTIONS

Code	Description
0	Regular Retirement. All retirements from plant which occur in the course of normal operations for causes that are to be covered by depreciation accruals. Typically, these include all causes other than those listed below.
1	Reimbursed Retirement. Retirement for which the Company received payment approximating or exceeding the depreciated original cost of the property, and such payment was recorded as a credit to the depreciation reserve account. Reimbursed retirements are usually related to extraordinary circumstances such as fire or other accidents for which the loss is covered by insurance, and to property moved or abandoned due to the requirements or requests of outside parties, for which the Company is reimbursed.
2	Sale. Transfer of ownership of property for which the Company received payment approximating or exceeding the depreciated original cost, and the property would not have been retired at or near that time if the sale had not occurred. Sales are generally related to circumstances in which the property has not actually been retired, but continues in public service following the transaction. Sales in lieu of abandonment are classified as regular retirements.
3	Transfer. Transfer of property between accounts or property groups. Use for both transfers-in and transfers-out, and for intraaccount transfers.
4	Beginning-of-Interval Transfer. Transfer of property between accounts or property groups that is to be considered as occurring at the beginning rather than the end of the age interval. Includes major transfers of property into the account or property group, such as to initiate an account or to substantially increase the size of an existing account.
5	Acquisition. Purchase, trade, or similar transaction where property previously in public service was acquired.
6	Adjustment. Used for control purposes in Plant Accounting data, and for adjustments, special appropriations, or transfers to or from the Depreciation Reserve account in Cost of Removal and Salvage data.
7	Outlier Retirement. A retirement that occurs under unusual circumstances such that the analyst deems it appropriate that it be excluded from the retirements used in the service life or salvage study.
8	Ending Balance. The balance of plant in service as of December 31 of the most recent year included in the Experience Band, or as of a specific calculation date.
9	Beginning Balance. The balance of plant in service as of December 31 of the year preceding the first year included in the Experience Band.
9	Gross Addition. Placements of plant in service as replacements of plant retired or as additions to plant in service.

Note: Corrections should be assigned the same code as the transaction being corrected.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 165 of 312

Witness: John J. Spanos

165. If not provided elsewhere, please provide Mr. Spanos's amortization calculations and workpapers for general plant accounts in electronic format (Excel) with all formulae intact.

Response:

The calculations for those amortized general plant accounts are included in response to AGDR1#164.

For electronic version, refer to KAW_R_AGDR1#165_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 166 of 312

Witness: John J. Spanos

166. Please explain why only plant transaction data from 1995 forward was analyzed. Does KAWC maintain this data prior to 1995?

Response:

There was no complete plant transaction data available prior to 1995.

For electronic version, refer to KAW_R_AGDR1#166_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 167 of 312

Witness: John J. Spanos

167. For each plant account, and for each year since the inception of the account up to and including 2006, please provide the following standard depreciation study data as identified at pages 30-33 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). Provide the data in electronic format (Excel or .txt). Include data prior to 1995 if available. Also, provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system.

Code	Data Type
9	Addition
0	Ordinary Retirement
1	Reimbursement
2	Sale
3	Transfer – In
4	Transfer – Out
5	Acquisition
6	Adjustment
7	Final retirement of life span property (see NARUC Manual, Chapter X)
8	Balance at Study Date
	Initial Balance of Installation

Response:

The requested data is supplied in response to AGDR1#164. The record layout is the same.

For electronic version, refer to KAW_R_AGDR1#167_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 168 of 312

Witness: John J. Spanos

168. If the depreciation study data provided in response to the preceding question is not the exact set of data used for the depreciation study submitted in this case, explain all differences and reconcile the amounts provided to those used in the case.

Response:

The data in response to AGDR1#164 and AGDR1#167 is the same as that used in the depreciation study.

For electronic version, refer to KAW_R_AGDR1#168_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 169 of 312

Witness: John J. Spanos

169. If not provided elsewhere, provide the cost of removal and gross salvage data used in the Depreciation Study net salvage calculation. If this data differs from that reflected on the Company's books, please explain the differences and provide a reconciliation. Please provide this data in electronic (Excel or .txt) format.

Response:

The cost of removal and gross salvage data used in the depreciation study is supplied in response to AGDR1#164. This data represents the available data from the company.

For electronic version, refer to KAW_R_AGDR1#169_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 170 of 312

Witness: John J. Spanos

170. Provide the following annual accumulated depreciation amounts for all plant accounts for the last 15 years (up to, and including, 2006). If the requested data is not available for the last 15 years, provide the data for as many years as are available. Please provide data in both hard copy and electronic format (Excel or .txt).

a. Beginning and ending reserve balances,

b. Annual depreciation expense,

c. Annual retirements,

d. Annual cost of removal and gross salvage,

e. Annual third party reimbursements.

Response:

The attached schedules are the available accumulated depreciation information from 1994 through 2006.

For electronic version, refer to KAW_R_AGDR1#170_061807.pdf

American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2006

	Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
1	CWIP Retainage		366,817.31		366,817.31
11	CWIP Retainage-Bldgs		61,325.00		61,325.00
21	CWIP Retainage-Infrastr	217,135.32	2,155,105.36	52,601.20	1,509,289.11
31	CWIP Retainage-Plant	79,784.53	429,707.62		244,521.00
105300	CWIP Paving				
1	CWIP Paving		22,858.20		22,858.20
21	CWIP Paving-Infrastr		195,235.55	193,800.00	195,235.55
105350	CWIP AFUDC Debt				
1	CWIP AFUDC Debt		703,911.94		703,911.94
11	CWIP AFUDC Debt-Bldgs		51,763.27	3,792.19	14,164.70
21	CWIP AFUDC Debt-Infrastr	6,035.05	234,212.02	12,260.81	194,948.31
31	CWIP AFUDC Debt-Plant	4,379.53	495,314.81	3,450.75	463,814.31
105375	CWIP AFUDC Equity				
1	CWIP AFUDC Equity		809,429.26		809,429.26
11	CWIP AFUDC Eqty-Bldgs		74,380.19	5,545.90	19,704.93
21	CWIP AFUDC Eqty-Infrastr	7,998.11	314,587.25	17,931.23	258,055.74
31	CWIP AFUDC Eqty-Plant	5,681.26	620,494.85	5,046.92	576,238.80
105390	CWIP Tran PY Chg-Bldgs				
11	CWIP Tran PY Chg-Bldgs	39,096.36	177,144.11		145,563.87
21	CWIP Tran PY Chg-Infrastr	209,603.53	538,489.01		622,802.82
31	CWIP Tran PY Chg-Plant	175,409.90	850,078.59CR		914,630.87CR
105391	CWIP Trans Current Yr Chgs				
1	CWIP Trans Current Yr Chgs		9,843,395.47CR		9,843,395.47CR
21	CWIP Tran CY Chg-Infrastr			467,202.28CR	467,202.28CR
105399	CWIP Prelim Eng-Plant				
31	CWIP Prelim Eng-Plant		2,618.00		2,618.00
105900	CWIP Transfer to UPIS				
1	CWIP Transfer to UPIS		51,962,726.94CR		51,962,726.94CR
11	CWIP Tran UPIS-Bldgs	106,113.95CR	1,944,994.67CR	59,118.66CR	262,311.32CR
21	CWIP Tran UPIS-Infrastr	3,510,736.83CR	55,976,919.57CR	2,856,174.26CR	35,617,362.43CR
31	CWIP Tran UPIS-Plant	1,563,960.59CR	13,044,854.66CR	1,582,950.81CR	9,996,043.69CR
B02	CWIP	5,155,855.80	11,735,349.17	220,924.05CR	11,416,984.79
B03	Accumulated Depreciation				
108105	AD UPIS-Acc Depr-Not Classifd				
	AD UPIS-Acc Depr-Not Classi				
01	AD UPIS-AccDepr-Oper Bldgs	108,653.97	50,577,843.50CR	98,376.22	51,804,362.18CR
02	AD UPIS-AccDepr-Admin Bldgs	81,597.66CR	2,129,922.37CR	31,314.95CR	1,692,143.98CR
05	AD UPIS-AccDepr-Infrastruct	12,838.01CR	504,910.85CR	11,541.22CR	357,437.13CR
06	AD UPIS-AccDepr-Op Water Pr	347,553.32CR	15,388,998.16CR	323,054.75CR	11,378,442.07CR
07	AD UPIS-AccDepr-Oth Op Equi	174,980.79CR	7,189,961.23CR	141,155.22CR	5,406,859.84CR
08	AD UPIS-AccDepr-Office Equi	82,503.19CR	3,355,954.56CR	71,048.32CR	2,474,346.00CR
09	AD UPIS-AccDepr-Cap Develop	130,653.95CR	5,207,657.69CR	127,103.99CR	3,648,151.02CR
108110	AD UPIS-Removal Cost	1,079.82CR	51,831.36CR	1,079.82CR	38,873.52CR
	AD UPIS-Removal Cost				
108115	AD UPIS-Salvage		2,040,107.64		2,040,605.16
	AD UPIS-Salvage				
108120	AD UPIS-Scrap Meters		94,978.49CR		94,978.49CR
	AD UPIS-Scrap Meters				
108122	AD UPIS-Scrap Misc		19,995.14CR	931.50CR	11,146.90CR
	AD UPIS-Scrap Misc				
108135	AD UPIS-Salv Trade-In		9,606.63CR		2,108.52CR
	AD UPIS-Salv Trade-In				
108140	AD UPIS-Salv Sale		16,975.00CR		16,975.00CR
	AD UPIS-Salv Sale				
108145	AD UPIS-Orig Cost-Not Classifd		2,490.81CR		2,490.81CR
	AD UPIS-Orig Cost-Not Class				
108190	Acc Depr Reg Asset	111,246.67	6,779,218.74	280,536.40	6,105,723.26
	Acc Depr Reg Asset				
110100	Acc Amort Util Plt Svc	575.00CR	96,589.18CR	575.00CR	89,689.18CR
	Acc Amort Util Plt Svc				
B03	Accumulated Depreciation	611,881.10CR	75,828,388.59CR	328,892.15CR	7,673.55CR 68,879,349.77CR
B04	UPAA				
114100	UPAA-ATL				
	UPAA-ATL				
115100	Accum Amort UPAA-ATL	23.96	455,951.18	744.80	425,369.94
	Accum Amort UPAA-ATL	1,765.53CR	107,985.33CR	1,800.91CR	86,905.21CR
B04	UPAA	1,741.57CR	347,965.85	1,056.11CR	338,464.73
B07	Non Utility Property, Net				
121500	NUP-Other				
	NUP-Other		249,737.68		249,737.68
B07	Non Utility Property, Net		249,737.68		249,737.68
B10	Cash & Cash Equivalents				
131312	BB&T				

FORM ID: PL000USR
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr 7Yr
created in MASTERGL directory; BOZBS template linked to BOZ2 to get 7yrs to downlo

Description	12/31/2006	DIFF
396000 WW Communication Equip	$1,396	$0
397000 WW Misc Equipment	$19,746	$6,775
101099 Completed Const not Classified		$0
Completed Const not Classif	$0	$0
101100 Reg Asset-AFUDC-Debt		$0
Reg Asset-AFUDC-Debt	$272,637	$0
103000 Property Held Future Use		$0
Property Held Future Use	$114,076	$0
104000 Utility Plant Purchased/Sold		$0
Utility Plant Purchased/Sol	$0	$0
B01 Utility Plant Original Cost	**$327,533,086**	**$23,799,770**
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
AD UPIS-Acc Depr-Not Classi	($50,577,844)	$1,226,518
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
01 AD UPIS-AccDepr-Oper Bldgs	($2,129,922)	($437,778)
02 AD UPIS-AccDepr-Admin Bldgs	($504,911)	($147,474)
05 AD UPIS-AccDepr-Infrastruct	($15,388,998)	($4,010,556)
06 AD UPIS-AccDepr-Op Water Pr	($7,189,961)	($1,783,101)
07 AD UPIS-AccDepr-Oth Op Equi	($3,355,955)	($881,609)
08 AD UPIS-AccDepr-Office Equi	($5,207,658)	($1,559,507)
09 AD UPIS-AccDepr-Cap Develop	($51,831)	($12,957)
108110 AD UPIS-Removal Cost		$0
AD UPIS-Removal Cost	$2,040,108	($497)
108115 AD UPIS-Salvage		$0
AD UPIS-Salvage	($94,978)	$0
108120 AD UPIS-Scrap Meters		$0
AD UPIS-Scrap Meters	($19,995)	($8,848)
108122 AD UPIS-Scrap Misc		$0
AD UPIS-Scrap Misc	($9,607)	($7,498)
108135 AD UPIS-Salv Trade-In		$0
AD UPIS-Salv Trade-In	($16,975)	$0
108140 AD UPIS-Salv Sale		$0
AD UPIS-Salv Sale	($2,491)	$0
108145 AD UPIS-Orig Cost-Not Classifd		$0
AD UPIS-Orig Cost-Not Class	$6,779,219	$673,496
108190 Acc Depr Reg Asset		$0
Acc Depr Reg Asset	($96,589)	($6,900)
110100 Acc Amort Util Plt Svc		$0
Acc Amort Util Plt Svc	$0	$7,674
		$0
B03 Accumulated Depreciation	**($75,828,388)**	**($6,949,037)**

FORM ID: PL000USR
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr
created in MASTERGL directory; BOZBS tempd

Description	12/31/2005	DIFF
396000 WW Communication Equip	$1,396	$1,396
397000 WW Misc Equipment	$12,971	$12,971
101099 Completed Const not Classified		$0
Completed Const not Classif	$0	$0
101100 Reg Asset-AFUDC-Debt		$0
Reg Asset-AFUDC-Debt	$272,637	$0
103000 Property Held Future Use		$0
Property Held Future Use	$114,076	$0
104000 Utility Plant Purchased/Sold		$0
Utility Plant Purchased/Sol	$0	$0
B01 Utility Plant Original Cost	**$303,733,316**	**$21,155,967**
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
AD UPIS-Acc Depr-Not Classi	($51,804,362)	$7,340,072
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
01 AD UPIS-AccDepr-Oper Bldgs	($1,692,144)	($1,080,769)
02 AD UPIS-AccDepr-Admin Bldgs	($357,437)	($150,579)
05 AD UPIS-AccDepr-Infrastruct	($11,378,442)	($4,617,072)
06 AD UPIS-AccDepr-Op Water Pr	($5,406,860)	($2,276,553)
07 AD UPIS-AccDepr-Oth Op Equi	($2,474,346)	($1,087,381)
08 AD UPIS-AccDepr-Office Equi	($3,648,151)	($1,503,485)
09 AD UPIS-AccDepr-Cap Develop	($38,874)	($12,968)
108110 AD UPIS-Removal Cost		$0
AD UPIS-Removal Cost	$2,040,605	$0
108115 AD UPIS-Salvage		$0
AD UPIS-Salvage	($94,978)	$0
108120 AD UPIS-Scrap Meters		$0
AD UPIS-Scrap Meters	($11,147)	($2,952)
108122 AD UPIS-Scrap Misc		$0
AD UPIS-Scrap Misc	($2,109)	($1,780)
108135 AD UPIS-Salv Trade-In		$0
AD UPIS-Salv Trade-In	($16,975)	$0
108140 AD UPIS-Salv Sale		$0
AD UPIS-Salv Sale	($2,491)	$0
108145 AD UPIS-Orig Cost-Not Classifd		$0
AD UPIS-Orig Cost-Not Class	$6,105,723	$548,855
108190 Acc Depr Reg Asset		$0
Acc Depr Reg Asset	($89,689)	($6,900)
110100 Acc Amort Util Plt Svc		$0
Acc Amort Util Plt Svc	($7,674)	$0
		$0
B03 Accumulated Depreciation	**($68,879,351)**	**($2,851,502)**

FORM ID: PL000USR
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr
created in MASTERGL directory; BOZBS temp

Description	12/31/2004	DIFF
396000 WW Communication Equip	$0	$0
397000 WW Misc Equipment	$0	$0
101099 Completed Const not Classified		$0
Completed Const not Classif	$0	$3,398
101100 Reg Asset-AFUDC-Debt		$0
Reg Asset-AFUDC-Debt	$272,637	$0
103000 Property Held Future Use		$0
Property Held Future Use	$114,076	$0
104000 Utility Plant Purchased/Sold		$0
Utility Plant Purchased/Sol	$0	$0
B01 Utility Plant Original Cost	**$282,577,349**	**$12,876,976**
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
AD UPIS-Acc Depr-Not Classi	($59,144,434)	$0
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
01 AD UPIS-AccDepr-Oper Bldgs	($611,375)	($311,739)
02 AD UPIS-AccDepr-Admin Bldgs	($206,858)	($112,308)
05 AD UPIS-AccDepr-Infrastruct	($6,761,370)	($3,493,548)
06 AD UPIS-AccDepr-Op Water Pr	($3,130,307)	($1,580,137)
07 AD UPIS-AccDepr-Oth Op Equi	($1,386,965)	($695,092)
08 AD UPIS-AccDepr-Office Equi	($2,144,666)	($1,368,943)
09 AD UPIS-AccDepr-Cap Develop	($25,916)	($12,958)
108110 AD UPIS-Removal Cost		$0
AD UPIS-Removal Cost	$2,040,605	$357,425
108115 AD UPIS-Salvage		$0
AD UPIS-Salvage	($94,978)	$0
108120 AD UPIS-Scrap Meters		$0
AD UPIS-Scrap Meters	($8,195)	($1,122)
108122 AD UPIS-Scrap Misc		$0
AD UPIS-Scrap Misc	($329)	($329)
108135 AD UPIS-Salv Trade-In		$0
AD UPIS-Salv Trade-In	($16,975)	$0
108140 AD UPIS-Salv Sale		$0
AD UPIS-Salv Sale	($2,491)	($378)
108145 AD UPIS-Orig Cost-Not Classifd		$0
AD UPIS-Orig Cost-Not Class	$5,556,868	$481,352
108190 Acc Depr Reg Asset		$0
Acc Depr Reg Asset	($82,789)	($6,900)
110100 Acc Amort Util Plt Svc		$0
Acc Amort Util Plt Svc	($7,674)	$0
		$0
B03 Accumulated Depreciation	**($66,027,849)**	**($6,744,677)**

FORM ID: PL000USR
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr
created in MASTERGL directory; BOZBS temp

Description	12/31/2003	DIFF
396000 WW Communication Equip	$0	$0
397000 WW Misc Equipment	$0	$0
101099 Completed Const not Classified		$0
Completed Const not Classif	($3,398)	($131,232)
101100 Reg Asset-AFUDC-Debt		$0
Reg Asset-AFUDC-Debt	$272,637	$0
103000 Property Held Future Use		$0
Property Held Future Use	$114,076	$0
104000 Utility Plant Purchased/Sold		$0
Utility Plant Purchased/Sol	$0	$0
B01 Utility Plant Original Cost	**$269,700,373**	**$16,181,169**
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
AD UPIS-Acc Depr-Not Classi	($59,144,434)	$0
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
01 AD UPIS-AccDepr-Oper Bldgs	($299,636)	($299,636)
02 AD UPIS-AccDepr-Admin Bldgs	($94,550)	($94,550)
05 AD UPIS-AccDepr-Infrastruct	($3,267,822)	($3,267,822)
06 AD UPIS-AccDepr-Op Water Pr	($1,550,170)	($1,550,170)
07 AD UPIS-AccDepr-Oth Op Equi	($691,873)	($691,873)
08 AD UPIS-AccDepr-Office Equi	($775,723)	($775,723)
09 AD UPIS-AccDepr-Cap Develop	($12,958)	($12,958)
108110 AD UPIS-Removal Cost		$0
AD UPIS-Removal Cost	$1,683,180	$343,717
108115 AD UPIS-Salvage		$0
AD UPIS-Salvage	($94,978)	($13,321)
108120 AD UPIS-Scrap Meters		$0
AD UPIS-Scrap Meters	($7,073)	$0
108122 AD UPIS-Scrap Misc		$0
AD UPIS-Scrap Misc	$0	$0
108135 AD UPIS-Salv Trade-In		$0
AD UPIS-Salv Trade-In	($16,975)	$0
108140 AD UPIS-Salv Sale		$0
AD UPIS-Salv Sale	($2,113)	($133)
108145 AD UPIS-Orig Cost-Not Classifd		$0
AD UPIS-Orig Cost-Not Class	$5,075,516	$1,329,011
108190 Acc Depr Reg Asset		$0
Acc Depr Reg Asset	($75,889)	($6,900)
110100 Acc Amort Util Plt Svc		$0
Acc Amort Util Plt Svc	($7,674)	$0
		$0
B03 Accumulated Depreciation	**($59,283,172)**	**($5,040,358)**

FORM ID: PL000USR
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr
created in MASTERGL directory; BOZBS temp

Description	12/31/2002	DIFF
396000 WW Communication Equip	$0	$0
397000 WW Misc Equipment	$0	$0
101099 Completed Const not Classified		$0
Completed Const not Classif	$127,834	($3,398)
101100 Reg Asset-AFUDC-Debt		$0
Reg Asset-AFUDC-Debt	$272,637	$0
103000 Property Held Future Use		$0
Property Held Future Use	$114,076	$0
104000 Utility Plant Purchased/Sold		$0
Utility Plant Purchased/Sol	$0	$0
B01 Utility Plant Original Cost	**$253,519,204**	**$12,900,616**

B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
AD UPIS-Acc Depr-Not Classi	($59,144,434)	($6,753,486)
B03 Accumulated Depreciation		$0
108105 AD UPIS-Acc Depr-Not Classifd		$0
01 AD UPIS-AccDepr-Oper Bldgs	$0	$0
02 AD UPIS-AccDepr-Admin Bldgs	$0	$0
05 AD UPIS-AccDepr-Infrastruct	$0	$0
06 AD UPIS-AccDepr-Op Water Pr	$0	$0
07 AD UPIS-AccDepr-Oth Op Equi	$0	$0
08 AD UPIS-AccDepr-Office Equi	$0	$0
09 AD UPIS-AccDepr-Cap Develop	$0	$0
108110 AD UPIS-Removal Cost		$0
AD UPIS-Removal Cost	$1,339,463	$520,376
108115 AD UPIS-Salvage		$0
AD UPIS-Salvage	($81,657)	($38,602)
108120 AD UPIS-Scrap Meters		$0
AD UPIS-Scrap Meters	($7,073)	($3,004)
108122 AD UPIS-Scrap Misc		$0
AD UPIS-Scrap Misc	$0	$0
108135 AD UPIS-Salv Trade-In		$0
AD UPIS-Salv Trade-In	($16,975)	$0
108140 AD UPIS-Salv Sale		$0
AD UPIS-Salv Sale	($1,980)	($455)
108145 AD UPIS-Orig Cost-Not Classifd		$0
AD UPIS-Orig Cost-Not Class	$3,746,505	$820,049
108190 Acc Depr Reg Asset		$0
Acc Depr Reg Asset	($68,989)	($6,900)
110100 Acc Amort Util Plt Svc		$0
Acc Amort Util Plt Svc	($7,674)	$0
		$0
B03 Accumulated Depreciation	**($54,242,814)**	**($5,462,022)**

FORM ID: PL000USR
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr
created in MASTERGL directory; BOZBS temp

Description	12/31/2001	DIFF	12/31/2000
396000 WW Communication Equip	$0	$0	$0
397000 WW Misc Equipment	$0	$0	$0
101099 Completed Const not Classified		$0	
Completed Const not Classif	$131,232	$131,232	$0
101100 Reg Asset-AFUDC-Debt		$0	
Reg Asset-AFUDC-Debt	$272,637	$0	$272,637
103000 Property Held Future Use		$0	
Property Held Future Use	$114,076	$0	$114,076
104000 Utility Plant Purchased/Sold		$0	
Utility Plant Purchased/Sol	$0	$0	$0
B01 Utility Plant Original Cost	**$240,618,588**	**$13,741,638**	**$226,876,950**

B03 Accumulated Depreciation		$0	
108105 AD UPIS-Acc Depr-Not Classifd		$0	
AD UPIS-Acc Depr-Not Classi	($52,390,948)	($6,746,224)	($45,644,724)
B03 Accumulated Depreciation		$0	
108105 AD UPIS-Acc Depr-Not Classifd		$0	
01 AD UPIS-AccDepr-Oper Bldgs	$0	$0	$0
02 AD UPIS-AccDepr-Admin Bldgs	$0	$0	$0
05 AD UPIS-AccDepr-Infrastruct	$0	$0	$0
06 AD UPIS-AccDepr-Op Water Pr	$0	$0	$0
07 AD UPIS-AccDepr-Oth Op Equi	$0	$0	$0
08 AD UPIS-AccDepr-Office Equi	$0	$0	$0
09 AD UPIS-AccDepr-Cap Develop	$0	$0	$0
108110 AD UPIS-Removal Cost		$0	
AD UPIS-Removal Cost	$819,087	$322,432	$496,655
108115 AD UPIS-Salvage		$0	
AD UPIS-Salvage	($43,055)	($173)	($42,882)
108120 AD UPIS-Scrap Meters		$0	
AD UPIS-Scrap Meters	($4,069)	$0	($4,069)
108122 AD UPIS-Scrap Misc		$0	
AD UPIS-Scrap Misc	$0	$0	$0
108135 AD UPIS-Salv Trade-In		$0	
AD UPIS-Salv Trade-In	($16,975)	$0	($16,975)
108140 AD UPIS-Salv Sale		$0	
AD UPIS-Salv Sale	($1,525)	$0	($1,525)
108145 AD UPIS-Orig Cost-Not Classifd		$0	
AD UPIS-Orig Cost-Not Class	$2,926,456	$412,089	$2,514,367
108190 Acc Depr Reg Asset		$0	
Acc Depr Reg Asset	($62,089)	($6,900)	($55,189)
110100 Acc Amort Util Plt Svc		$0	
Acc Amort Util Plt Svc	($7,674)	$0	($7,674)
		$0	
B03 Accumulated Depreciation	**($48,780,792)**	**($6,018,776)**	**($42,762,016)**

FORM ID: BALSHEET in KY HISTORICAL
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/Dstr 7Yr
created in MASTERS directory; BOZBS template linked to BOZ2 to get 7yrs to download

Description	12/31/2000	DIFF	12/31/1999
340500 Other Office Equipment	$140,442	$786	$139,656
341100 Light Duty Trucks	$1,226,991	($36,096)	$1,263,087
341200 Heavy Duty Trucks	$479,208	($23,479)	$502,687
341300 Automobiles	$161,535	$0	$161,535
341400 Other Tranport Equipment	$2,846	$0	$2,846
342000 Stores Equip	$35,547	$0	$35,547
343000 Tools/Shop/Garage Equip	$764,441	$63,853	$700,588
344000 Laboratory Equip	$586,069	$174,117	$411,952
345000 Power Operated Equip	$486,086	$0	$486,086
346001 Communication Equip Conversi	$0	$0	$0
346100 Comm Equip (Non-Telephone)	$1,578,943	$610,801	$968,142
347000 Miscellaneous Equipment	$330,352	$11,044	$319,308
348000 Other Tangible Property	$117,960	$0	$117,960
354100 Collecting System Struct-SWR	$40,127	$0	$40,127
371100 Electric Pumping Equip-SWR	$10,708	$0	$10,708
101099 Closed WO to be Reclassified		$0	
Closed WO to be Reclassified	$0	$0	$0
101100 Reg Asset-AFUDC-Debt		$0	
Reg Asset-AFUDC-Debt	$272,637	$0	$272,637
103000 Property Held Future Use		$0	
Property Held Future Use	$114,076	$0	$114,076
001 UTILITY PLANT	**$226,876,950**	**$11,321,104**	**$215,555,846**
		$0	
003 ACCUMULATED DEPRECIATION		$0	
108101 Acc Depr Res Util Plt Conver		$0	
Acc Depr Res Util Plt Conver	($34,873,729)	$0	($34,873,729)
108105 Util Plt Sv - Acc Dep		$0	
Util Plt Sv - Acc Dep	($10,770,995)	($5,552,341)	($5,218,654)
108110 Util Plt Sv - Removal Cost		$0	
Util Plt Sv - Removal Cost	$496,655	$301,432	$195,223
108115 Util Plt Sv - Salvage		$0	
Util Plt Sv - Salvage	($42,882)	($38,537)	($4,345)
108120 Util Plt Sv - Scrap		$0	
Util Plt Sv - Scrap	($4,069)	($3,265)	($804)
108135 Util Plt Sv - Trade In		$0	
Util Plt Sv - Trade In	($16,975)	$0	($16,975)
108140 Util Plt Sv - Sale		$0	
Util Plt Sv - Sale	($1,525)	($1,525)	$0
108145 Util Plt Sv - Orig Cost		$0	
Util Plt Sv - Orig Cost	$2,514,367	$1,136,641	$1,377,726
108190 Acc Depr Reg Asset		$0	
Acc Depr Reg Asset	($55,189)	($6,900)	($48,289)
110100 Acc Amort Util Plt Svc		$0	
Acc Amort Util Plt Svc	($7,674)	$0	($7,674)
003 ACCUMULATED DEPRECIATION	**($42,762,016)**	**($4,164,495)**	**($38,597,521)**

FORM ID: BALSHEET in KY HISTORICAL
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/I
created in MASTERS directory; BOZBS te

	Description	DIFF	12/31/1998	DIFF
340500	Other Office Equipment	($6,979)	$146,635	$33,059
341100	Light Duty Trucks	$156,096	$1,106,991	$117,604
341200	Heavy Duty Trucks	$84,707	$417,980	($3,249)
341300	Automobiles	($1,610)	$163,145	$12,610
341400	Other Tranport Equipment	$0	$2,846	$0
342000	Stores Equip	$0	$35,547	$0
343000	Tools/Shop/Garage Equip	$70,849	$629,739	$51,990
344000	Laboratory Equip	$38,761	$373,191	$49,236
345000	Power Operated Equip	$27,605	$458,481	($8,509)
346001	Communication Equip Conversi	$0	$0	$0
346100	Comm Equip (Non-Telephone)	$180,747	$787,395	$66,639
347000	Miscellaneous Equipment	$52,545	$266,763	$48,701
348000	Other Tangible Property	$0	$117,960	$11,660
354100	Collecting System Struct-SWR	$40,127	$0	$0
371100	Electric Pumping Equip-SWR	$0	$10,708	$10,708
101099	Closed WO to be Reclassified	$0		$0
	Closed WO to be Reclassified	$0	$0	$0
101100	Reg Asset-AFUDC-Debt	$0		$0
	Reg Asset-AFUDC-Debt	$0	$272,637	$0
103000	Property Held Future Use	$0		$0
	Property Held Future Use	$14,119	$99,957	$0
001	**UTILITY PLANT**	**$14,365,526**	**$201,190,320**	**$9,655,908**
		$0		$0
003	ACCUMULATED DEPRECIATION	$0		$0
108101	Acc Depr Res Util Plt Conver	$0		$0
	Acc Depr Res Util Plt Conver	$48,868	($34,922,597)	($4,069,595)
108105	Util Plt Sv - Acc Dep	$0		$0
	Util Plt Sv - Acc Dep	($5,218,654)	$0	$0
108110	Util Plt Sv - Removal Cost	$0		$0
	Util Plt Sv - Removal Cost	$195,223	$0	$0
108115	Util Plt Sv - Salvage	$0		$0
	Util Plt Sv - Salvage	($4,345)	$0	$0
108120	Util Plt Sv - Scrap	$0		$0
	Util Plt Sv - Scrap	($804)	$0	$0
108135	Util Plt Sv - Trade In	$0		$0
	Util Plt Sv - Trade In	($16,975)	$0	$0
108140	Util Plt Sv - Sale	$0		$0
	Util Plt Sv - Sale	$0	$0	$0
108145	Util Plt Sv - Orig Cost	$0		$0
	Util Plt Sv - Orig Cost	$1,377,726	$0	$0
108190	Acc Depr Reg Asset	$0		$0
	Acc Depr Reg Asset	($6,900)	($41,389)	($6,900)
110100	Acc Amort Util Plt Svc	$0		$0
	Acc Amort Util Plt Svc	$0	($7,674)	$0
003	**ACCUMULATED DEPRECIATION**	**($3,625,861)**	**($34,971,660)**	**($4,076,495)**

FORM ID: BALSHEET in KY HISTORICAL
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/[
created in MASTERS directory; BOZBS te

Description	12/31/1997	DIFF	12/31/1996
340500 Other Office Equipment	$113,576	$1,628	$111,948
341100 Light Duty Trucks	$989,387	$52,307	$937,080
341200 Heavy Duty Trucks	$421,229	$46,205	$375,024
341300 Automobiles	$150,535	($1,135)	$151,670
341400 Other Tranport Equipment	$2,846	$0	$2,846
342000 Stores Equip	$35,547	$0	$35,547
343000 Tools/Shop/Garage Equip	$577,749	$69,852	$507,897
344000 Laboratory Equip	$323,955	$19,046	$304,909
345000 Power Operated Equip	$466,990	$60,920	$406,070
346001 Communication Equip Conversi	$0	$0	$0
346100 Comm Equip (Non-Telephone)	$720,756	$168,431	$552,325
347000 Miscellaneous Equipment	$218,062	$22,016	$196,046
348000 Other Tangible Property	$106,300	$0	$106,300
354100 Collecting System Struct-SWR	$0	$0	$0
371100 Electric Pumping Equip-SWR	$0	$0	$0
101099 Closed WO to be Reclassified		$0	
Closed WO to be Reclassified	$0	$0	$0
101100 Reg Asset-AFUDC-Debt		$0	
Reg Asset-AFUDC-Debt	$272,637	$0	$272,637
103000 Property Held Future Use		$0	
Property Held Future Use	$99,957	$0	$99,957
001 UTILITY PLANT	**$191,534,412**	**$12,842,077**	**$178,692,335**
		$0	
003 ACCUMULATED DEPRECIATION		$0	
108101 Acc Depr Res Util Plt Conver		$0	
Acc Depr Res Util Plt Conver	($30,853,002)	($3,219,001)	($27,634,001)
108105 Util Plt Sv - Acc Dep		$0	
Util Plt Sv - Acc Dep	$0	$0	$0
108110 Util Plt Sv - Removal Cost		$0	
Util Plt Sv - Removal Cost	$0	$0	$0
108115 Util Plt Sv - Salvage		$0	
Util Plt Sv - Salvage	$0	$0	$0
108120 Util Plt Sv - Scrap		$0	
Util Plt Sv - Scrap	$0	$0	$0
108135 Util Plt Sv - Trade In		$0	
Util Plt Sv - Trade In	$0	$0	$0
108140 Util Plt Sv - Sale		$0	
Util Plt Sv - Sale	$0	$0	$0
108145 Util Plt Sv - Orig Cost		$0	
Util Plt Sv - Orig Cost	$0	$0	$0
108190 Acc Depr Reg Asset		$0	
Acc Depr Reg Asset	($34,489)	($6,900)	($27,589)
110100 Acc Amort Util Plt Svc		$0	
Acc Amort Util Plt Svc	($7,674)	$0	($7,674)
003 ACCUMULATED DEPRECIATION	**($30,895,165)**	**($3,225,901)**	**($27,669,264)**

FORM ID: BALSHEET in KY HISTORICAL
VERSION: BOZ2 - TB-(ASSC84)w/JDE w/I
created in MASTERS directory; BOZBS te

Description		DIFF	12/31/9995	DIFF	12/31/9994
340500	Other Office Equipment	$4,517	$107,431	$11,533	$95,898
341100	Light Duty Trucks	$218,020	$719,060	$60,743	$658,317
341200	Heavy Duty Trucks	($21,821)	$396,845	$6,625	$390,220
341300	Automobiles	($51,182)	$202,852	$40,651	$162,201
341400	Other Tranport Equipment	$0	$2,846	($2,993)	$5,839
342000	Stores Equip	$0	$35,547	$0	$35,547
343000	Tools/Shop/Garage Equip	$20,707	$487,190	$40,133	$447,057
344000	Laboratory Equip	$45,341	$259,568	$33,541	$226,027
345000	Power Operated Equip	$12,707	$393,363	($336,538)	$729,901
346001	Communication Equip Conversi	$0	$0	($136,133)	$136,133
346100	Comm Equip (Non-Telephone)	$81,453	$470,872	$470,872	$0
347000	Miscellaneous Equipment	$6,597	$189,449	($8,071)	$197,520
348000	Other Tangible Property	$0	$106,300	$0	$106,300
354100	Collecting System Struct-SWR	$0	$0	$0	$0
371100	Electric Pumping Equip-SWR	$0	$0	$0	$0
101099	Closed WO to be Reclassified	$0		$0	
	Closed WO to be Reclassified	$0	$0	$0	$0
101100	Reg Asset-AFUDC-Debt	$0		$0	
	Reg Asset-AFUDC-Debt	$0	$272,637	$0	$272,637
103000	Property Held Future Use	$0		$0	
	Property Held Future Use	$0	$99,957	$0	$99,957
001 UTILITY PLANT		**$14,559,757**	**$164,132,578**	**$6,131,444**	**$158,001,134**
		$0		$0	
003 ACCUMULATED DEPRECIATION		$0		$0	
108101	Acc Depr Res Util Plt Conver	$0		$0	
	Acc Depr Res Util Plt Conver	($2,753,978)	($24,880,023)	($2,830,286)	($22,049,737)
108105	Util Plt Sv - Acc Dep	$0		$0	
	Util Plt Sv - Acc Dep	$0	$0	$0	$0
108110	Util Plt Sv - Removal Cost	$0		$0	
	Util Plt Sv - Removal Cost	$0	$0	$0	$0
108115	Util Plt Sv - Salvage	$0		$0	
	Util Plt Sv - Salvage	$0	$0	$0	$0
108120	Util Plt Sv - Scrap	$0		$0	
	Util Plt Sv - Scrap	$0	$0	$0	$0
108135	Util Plt Sv - Trade In	$0		$0	
	Util Plt Sv - Trade In	$0	$0	$0	$0
108140	Util Plt Sv - Sale	$0		$0	
	Util Plt Sv - Sale	$0	$0	$0	$0
108145	Util Plt Sv - Orig Cost	$0		$0	
	Util Plt Sv - Orig Cost	$0	$0	$0	$0
108190	Acc Depr Reg Asset	$0		$0	
	Acc Depr Reg Asset	($6,900)	($20,689)	($6,899)	($13,790)
110100	Acc Amort Util Plt Svc	$0		$0	
	Acc Amort Util Plt Svc	$0	($7,674)	$0	($7,674)
003 ACCUMULATED DEPRECIATION		**($2,760,878)**	**($24,908,386)**	**($2,837,185)**	**($22,071,201)**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 171 of 312

Witness:

171. Please provide a comparison of the annual cost of removal and gross salvage amounts shown on KAWC's federal tax returns with the corresponding book amounts, for the last 5 years. Provide the annual deferred tax expense associated with each of the differences. Also, provide the beginning and ending accumulated deferred tax balances and state whether they are rate base additions or rate base deductions.

Response:

The Company does not have the information available at this time to respond to this question, but will provide a response as soon as possible.

For electronic version, refer to KAW_R_AGDR1#171_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 172 of 312

Witness: Nick Rowe/Linda Bridwell/Michael Miller/Sheila Miller

172. Provide a summary of annual maintenance expense by USOA account (for all accounts) for the last 10 years. If the requested data is not available for the last 10 years, provide the data for as many years as are available. Please provide data in both hard copy and electronic format.

Response:

Please see attached.

For electronic version, refer to KAW_R_AGDR1#172_061807.pdf

Kentucky American Water
Case: 2007-00143
AGDR1#172

P25 Maintenance Expense

OBJ.SUB	DESCRIPTION	AWW ACCOUNT	2000	2001	2002	2003	2004	2005	2006
620000.21	Mat and Sup Maint SS	611100	77,590	242,794	108,499	198,420	169,498	190,792	77,775
620000.22	Mat and Sup Maint P	633200			727				417
620000.23	Mat and Sup Maint WT	633200	75,514	90,136	70,954	114,351	92,720	97,235	60,909
620000.24	Mat and Sup Maint TD	671100	321,284	293,966	275,081	244,630	324,098	164,847	216,906
620000.26	Mat and Sup Maint AG	651100	929	34,824	42,782	25,909	55,147	38,941	22,556
635000.21	Contr Svc-Other Maint	617100	12,200		148				
635000.23	Contr Svc-Other Maint	652100			19,940				
635000.24	Contr Svc-Other Maint	678100			25		1,796	2,609	
635000.26	Contr Svc-Other Maint	932700			14,898	13,979	15,682	13,746	21,876
675000.21	Misc Maint SS	617100			1,882	33			
675000.23	Misc Maint WT	651100	120,006	49,210	61,390	63,533	46,057	54,167	60,023
675000.24	Misc Maint TD	678100	66,780	97,766	54,801	49,622	23,148	16,733	36,289
675000.2415	Misc Maint TD Dist Re	612100							5,141
675000.2420	Misc Maint TD Mains	673100			10,526				
675000.2440	Misc Maint TD Hydrant	677100							239
675000.26	Misc Maint AG	905100	72,052	89,192	25,432	31,321	79,392	77,689	78,408
675050.21	Amort Def Maint SS	614120				33,560	-32,539	427	-1,449
675050.212	Amort Def Maint SS In	613120	29,759	29,753	29,753	24,161	18,743	16,961	6,624
675050.23	Amort Def Maint WT	651120	170,643	159,858	147,289	133,171	160,868	164,970	144,676
675050.24	Amort Def Maint TD	672120	123,851	197,556	206,359	182,997	223,780	202,784	152,376
675110.26	Maint Exp ARO/Net Neg	403000						1,127,580	1,226,519
675650.24	Paving/Backfill TD	678100			13,995	4,359	61,256	243,808	175,388
			1,070,608	1,285,055	1,084,481	1,120,046	1,239,646	2,413,289	2,284,673

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 173 of 312

Witness: John J. Spanos

173. Explain what consideration, if any, was given to annual maintenance expense data in Mr. Spanos's estimation of service lives, dispersion patterns and net salvage.

Response:

Mr. Spanos obtained a general understanding of the annual maintenance expended, whether the expenses are standard from year to year, and whether they are consistent with other water companies. Thus, consideration is given to maintenance when estimating service lives, dispersion patterns and net salvage.

For electronic version, refer to KAW_R_AGDR1#173_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 174 of 312

Witness: John J. Spanos

174. If not provided elsewhere, provide the calculation of the rates proposed in the Depreciation Study in electronic format (Excel) with all formulae intact.

Response:

See the response to AGDR1#164.

For electronic version, refer to KAW_R_AGDR1#174_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 175 of 312

Witness: John J. Spanos

175. Please provide the proposed depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.

Response:

The calculation of the proposed depreciation rates is set forth on pages III-4 and III-5 of the Depreciation Study. The segregation of these rates into three separate components has not been done for the depreciation study and requires additional calculations. The required information to conduct this type of calculation has been supplied in prior data requests.

For electronic version, refer to KAW_R_AGDR1#175_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 176 of 312

Witness:

176. Please provide a calculation of the theoretical reserves reflecting both Mr. Spanos's proposed procedures and the existing procedures. Provide these calculations in electronic format (Excel) with all formulae intact and include all supporting calculations and workpapers.

Response:

Both the existing procedures and proposed procedures are the same. Both studies use the average service life procedure and remaining life basis.

The theoretical reserve, also known as calculated accrued depreciation, is shown by account on pages III-103 through III-161 of the Depreciation Study. It should be noted that the theoretical reserve is affected by survivor curve and net salvage percent.

For electronic version, refer to KAW_R_AGDR1#176_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 177 of 312

Witness: John J. Spanos

177. Does the Company maintain its book reserve by plant account? If not, explain why not.

Response:

No.

For electronic version, refer to KAW_R_AGDR1#177_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 178 of 312

Witness: John J. Spanos

178. If the Company does not maintain its book reserve by plant account, provide the calculation of the book reserve shown in the depreciation study.

Response:

The book reserve has been allocated to the plant account level based on the survivor curve, net salvage percent and calculated accrued depreciation (theoretical reserve). The actual allocation is performed within the Gannett Fleming programs, however, the output by account is set forth on pages III-103 through III-161 of the depreciation study, and as part of the response to AGDR1#164.

For electronic version, refer to KAW_R_AGDR1#178_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 179 of 312

Witness: John J. Spanos

179. Was reciprocal, harmonic, or ELG weighting used in any of the depreciation rate calculations? If yes, please provide all calculations using direct weighting. Also, provide this in hardcopy and electronic format (Excel).

Response:

Reciprocal, harmonic or ELG weighting was not used in the depreciation rate calculations.

For electronic version, refer to KAW_R_AGDR1#179_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 180 of 312

Witness: John J. Spanos

180. If applicable, calculate all depreciation rates using the same weighting procedure used in the current depreciation rates, i.e., the same procedure used the last time depreciation rates were calculated.

Response:

The last study was performed by a different party over 12 years ago, however, the same procedures were used in both cases to develop rates.

For electronic version, refer to KAW_R_AGDR1#180_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 181 of 312

Witness: John J. Spanos

181. If not provided elsewhere, please provide all remaining life calculations resulting from the depreciation study in electronic format (Excel) with all formulae intact.

Response:

Please see response to AGDR1#164.

For electronic version, refer to KAW_R_AGDR1#164_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 182 of 312

Witness: John J. Spanos

182. If not provided elsewhere, provide electronic (Excel) versions of the net salvage studies included in the depreciation study, with all formulae intact.

Response:

Please see response to AGDR1#164.

For electronic version, refer to KAW_R_AGDR1#182_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 183 of 312

Witness: John J. Spanos

183. Please provide the "net salvage estimates from previous studies of this company and other water companies" discussed on page II-24 of the Depreciation Study.

Response:

The estimates of net salvage percents for other water companies are set forth in response to AGDR1#155. The net salvage estimate of the last study for KAWC is attached.

For electronic version, refer to KAW_R_AGDR1#183_061807.pdf

KENTUCKY AMERICAN WATER COMPANY
DEPRECIATION STUDY
PROPOSED ACCRUAL RATES
TABLE NO. 1

ACCOUNT	DESCRIPTION	PLANT BALANCE 12/31/94	BOOK RESERVE	UNRECOVERED BALANCE	COST OF REMOVAL %	COST OF REMOVAL AMOUNT	SALVAGE %	SALVAGE AMOUNT	ADJUSTED UNRECOVERED BALANCE	REM LIFE	ANNUAL ACCRUAL AMOUNT	ANNUAL ACCRUAL %
311	SUPPLY STRUCTURES	89,659	3,516	86,143		0		0	86,143	30.6	2,815	3.14
312	IMPOUNDING RESERVOIRS	1,031,018	104,987	926,031		0		0	926,031	40.8	22,697	2.20
313	INTAKES	337,987	100,793	237,194		0		0	237,194	32.6	7,276	2.15
316	SUPPLY MAINS	5,044,614	218,245	4,826,369	5	252,231		0	5,078,600	91.0	55,809	1.11
321	PUMPING STRUCTURES	3,645,635	471,857	3,173,778	10	364,564		0	3,538,342	41.9	84,447	2.32
323	POWER PRODUCTION EQUIP	341,249	68,097	273,152		0		0	273,152	23.9	11,429	3.35
325	ELECTRIC PUMPING EQUIP	7,389,734	587,152	6,802,582	8	591,179		0	7,393,761	27.0	273,843	3.71
326	DIESEL PUMPING EQUIP	594,510	92,450	502,060	8	47,561		0	549,621	30.0	18,321	3.08
331	WATER TREATMENT STRCTRS	2,872,880	391,775	2,481,105	10	287,288		0	2,768,393	53.9	51,362	1.79
332	WATER TREATMENT EQUIP	19,345,597	3,237,262	16,108,335	20	3,869,119		0	19,977,454	25.6	780,369	4.03
341	TRANS & DISTR STRCTRS	467,159	0	467,159		0		0	467,159	17.7	26,393	5.65
342	DISTR RESERVOIRS & STDPS	2,995,452	750,016	2,245,436	10	299,545		0	2,544,981	38.6	65,932	2.20
343	TRANS & DISTR MAINS	74,640,884	8,016,158	66,624,726	4	2,985,635		0	69,610,361	79.0	881,144	1.18
345	SERVICES	13,377,307	3,478,981	9,898,326	159	21,269,918		0	31,168,244	55.1	565,667	4.23
346.1	5/8 INCH MECH METERS	51,408	40,826	10,582		0	16	8,225	2,357	4.5	524	1.02
346.2	PLASTIC METERS	1,705,948	348,693	1,357,255		0		0	1,357,255	16.0	84,828	4.97
346.3	BRONZE METERS	468,857	111,406	357,451		0	16	75,017	282,434	25.6	11,033	2.35
347	METER INSTALLATIONS	7,590,393	1,606,538	5,983,855	53	4,022,908		0	10,006,763	54.1	184,968	2.44
348	FIRE HYDRANTS	4,936,267	609,628	4,326,639	36	1,777,056		0	6,103,695	48.0	127,160	2.58
390.1	OFFICE STRUCTURES	1,510,828	350,334	1,160,494		0		0	1,160,494	45.8	25,338	1.68
390.2	SHOP & GARAGE STRUCTURES	682,935	40,679	642,256		0		0	642,256	57.0	11,268	1.65
390.3	MISCELLANEOUS STRUCTURES	186,404	58,479	127,925		0		0	127,925	17.3	7,395	3.97
391.1	OFFICE FURNITURE	464,092	85,626	378,466		0	3	13,923	364,543	19.4	18,791	4.05
391.20	MAINFRAME COMPUTERS	322,245	48,223	274,022		0	17	54,782	219,240	5.7	38,463	11.94
391.21	PERSONAL COMPUTERS	616,422	202,201	414,221		0	17	104,792	309,429	3.0	103,143	16.73
391.23	OTHER COMPUTER EQUIP	193,332	87,419	105,913		0	17	32,866	73,047	3.2	22,827	11.81
391.25	MAINFRAME SOFTWARE	54,094	11,944	42,150		0		0	42,150	3.7	11,392	21.06
391.26	PC SOFTWARE	331,652	96,054	235,598		0		0	235,598	3.2	73,624	22.20
391.28	OTHER SOFTWARE	18,552	3,645	14,907		0		0	14,907	3.8	3,923	21.15
391.30	OFFICE EQUIP	95,463	25,626	69,837		0	3	2,864	66,973	10.1	6,631	6.95
392.11	LIGHT TRUCKS	712,825	206,315	506,510		0	30	213,848	292,663	2.9	100,918	14.16
392.12	HEAVY TRUCKS	390,220	89,210	301,010		0	25	97,555	203,455	4.1	49,144	12.59
392.2	CARS	198,226	76,267	121,959		0	23	45,592	76,367	1.9	40,193	20.28
392.3	OTHER TRANS EQUIP	5,839	1,643	4,196		0		0	4,196	5.0	839	14.37
393	STORES EQUIP	35,547	12,786	22,761		0		0	22,761	16.5	1,379	3.88
394	TOOLS,SHOP,GARAGE EQUIP	449,480	104,639	344,841		0		0	344,841	10.8	31,930	7.10
395	LABORATORY EQUIP	219,047	19,566	199,481	3	6,571		0	206,052	8.6	23,960	10.94
396	POWER OPERATED EQUIP	303,147	39,407	263,740		0	24	72,755	190,985	6.9	27,679	9.13
397	COMMUNICATION EQUIP	482,682	232,785	249,897		0		0	249,897	10.8	23,139	4.79
398	MISCELLANEOUS EQUIP	196,995	44,710	152,285		0		0	152,285	16.4	9,286	4.71
399	OTHER TANGIBLE PROPERTY	10,638	(5,588)	16,226		0		0	16,226	7.3	2,223	20.89
		154,407,223	22,070,350	132,336,873		35,773,576		722,219	167,388,230		3,889,500	

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 184 of 312

Witness: John J. Spanos

184. If not provided elsewhere, please provide all workpapers supporting terminal net salvage (decommissioning) estimates for each account for which terminal net salvage is a factor. Include any decommissioning studies relied upon, and explain how the results of those studies were incorporated into the net salvage estimate proposed by Mr. Spanos. Please include all calculations in electronic format (Excel), with all formulae intact.

Response:

There is no terminal net salvage (decommissioning) estimate for any account in the study.

For electronic version, refer to KAW_R_AGDR1#184_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 185 of 312

Witness: John J. Spanos

185. Do Mr. Spanos's net salvage recommendations, including any terminal net salvage estimates, incorporate inflation expected to be incurred in the future? If yes, please explain fully how this inflation is factored into each recommendation, and provide supporting calculations in electronic format (Excel). If not, please provide support showing no future inflation was included.

Response:

Mr. Spanos' recommendations for net salvage percents do not incorporate inflation expected to be incurred in the future. His methodology in determining net salvage percentages is consistent with almost all other utilities and is the traditional manner in which net salvage is determined. The net salvage component is determined by taking annual gross salvage minus annual cost of removal as a percent of the annual plan retired.

For electronic version, refer to KAW_R_AGDR1#185_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 186 of 312

Witness: John J. Spanos

186. If Mr. Spanos's net salvage recommendations include inflation expected to be incurred in the future, please provide the net present value of Mr. Spanos's net salvage recommendations.

Response:

No inflation factor expected to be incurred in the future is included in Mr. Spanos' net salvage recommendations.

For electronic version, refer to KAW_R_AGDR1#186_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 187 of 312

Witness: John J. Spanos

187. Does Mr. Spanos agree that including inflation expected to be incurred in the future in net salvage estimates results in charging today's ratepayers for tomorrow's inflation? Please explain why or why not.

Response:

Please see response to Data Requests AGDR1#185 and AGDR1#186.

For electronic version, refer to KAW_R_AGDR1#187_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 188 of 312

Witness: John J. Spanos

188. Does Mr. Spanos believe that including future inflation in net salvage estimates falls under the "known and measurable" standard usually followed in rate cases? Please explain why or why not.

Response:

There is no future inflation built into the net salvage estimates of the depreciation studies.

For electronic version, refer to KAW_R_AGDR1#188_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 189 of 312

Witness: John Spanos/Linda Bridwell/Michael Miller

189. On an account-by-account basis, for each of the five years ending 2006, explain whether the gross salvage and cost of removal incurred was normal or abnormal and why.

Response:

The net salvage recorded for the five year and all accounts were charged based on the work performed by Company personnel and contractors. The construction and retirement activities were normal, there were no extraordinary events or retirements.

For electronic version, refer to KAW_R_AGDR1#189_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 190 of 312

Witness: John J. Spanos

190. Refer to the discussion on Services cost of removal on page II-26 of the Study and the analysis on page III-88.

a. Why is recorded cost of removal so high for 2001 through 2004?

b. How is cost of removal determined for this account, specifically?

c. If any research was conducted to determine the validity of the 2001-2004 amounts (see page II-26), please provide that research.

d. Do the amounts on page III-88 reflect the recorded amount or the discounted amount as discussed on page II-26?

e. If the amounts on page III-88 are already discounted, please provide the originally recorded amounts.

f. Provide a complete explanation of how the amounts were discounted (as discussed on page II-26), and how these discounted amounts are reflected in the net salvage analysis. Also, provide all supporting workpapers and calculations. Please provide workpapers in electronic format (Excel) with all formulae intact.

Response:

a. Cost of removal for services will vary with the number of services being retired, the location of those services, the time of year that services are retired, the type of services being retired and whether the work is performed by company crews or contractors. Circumstances during the 2001 to 2004 period resulted in higher cost of removal to plant dollars retired.

b. The Company uses blanket retirement work orders for each unit of property being retired. Labor, material, contract services, etc. are charged to these blanket work orders.

c. The amounts shown on page III-88 are the actual amounts recorded and are considered appropriate entries of cost of removal.

d. The amounts on page III-88 reflect the recorded amounts not the discounted amounts.

e. See response to part d).

f. The total retirements for the period 2001 through 2004 were $156,771 with associated cost of removal of $651,188 or 415% of retirements. This percentage is quite high, even for past practices. The 1980-2006 net salvage percent is negative 229 percent and considered high by industry standards. Therefore, Mr. Spanos reduced the cost of removal to a level more consistent with the late 1980's and early 1990's. The statistical results were still above the industry expectations so Mr. Spanos used his judgment based on the industry range for services, the past estimate of this company and expectations of the future to arrive at the negative 120% net salvage.

It should be noted from page II-25 of the depreciation study that the statistical analyses for Account 333 were not considered representative of expectations in the future.

For electronic version, refer to KAW_R_AGDR1#190_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 191 of 312

Witness: John J. Spanos

191. It appears from the net salvage analyses included in the depreciation study that retirements, gross salvage and cost of removal were not recorded during the years 1995 through 1998. Please explain why this is the case. Were the amounts recorded at a later date? If so, please provide all supporting workpapers.

Response:

The reserve retirements, cost of removal and gross salvage for years 1995 through 1998 were not available. Due to the changing software system, the Company could not extract the necessary information for those years. Therefore, analysis was conducted for the years that complete data was available.

For electronic version, refer to KAW_R_AGDR1#191_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 192 of 312

Witness: Michael A. Miller

192. Explain, and provide examples of, the Company's retirement unit cost procedures for each account. Identify all changes to retirement unit costs which have occurred over the years.

Response:

Retirements of Utility Plant In-Service Assets are processed using the Original Installed Unit Cost and Appropriate Vintage year for the class of asset. If the Company is unable to determine the original cost from the CPR ledgers the Handy-Whitman Index is utilized to trend the current cost back to the vintage year.

For electronic version, refer to KAW_R_AGDR1#192_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 193 of 312

Witness: John J. Spanos

193. Were any retirements, classified as sales or reimbursements, excluded to the extent to which the salvage receipt represents recovery of original cost? If yes:

a. Provide, by account, the annual retirements and the related salvage that has been excluded for the 10 years ending 2006.

b. Provide the Commission Orders and Decisions approving the exclusion of these retirements.

c. Demonstrate how the retirements were excluded from the life studies.

Response:

There were no retirements classified as sales or reimbursements excluded to the extent to which salvage receipts represent recovery of original cost.

a b c. Not Applicable

For electronic version, refer to KAW_R_AGDR1#193_061807_pdf

KENTUCKY-AMERICAN WATER COMPANY
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 194 of 312

Witness: Michael Miller

194. Explain the Company's procedures for gross salvage and cost of removal.

Response:

Please see the response to AGDR1#197.

For electronic version, refer to KAW_R_AGDR1#194_061807.pdf

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ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 195 of 312

Witness: Linda C. Bridwell/Michael A. Miller

195. Explain how cost of removal relating to replacements is allocated between cost of removal and new additions. Provide copies of actual source documents showing this allocation.

Response:

For contractor jobs, the contractor is asked to provide the cost of removal requested in the bid documents or subsequent documentation following receipt of the bids. The contractor then invoices for that amount. The portion is charged to the retirement task order as part of the project of existing facilities. Please refer to the attached examples of a bid, documentation after the bid was received and a proposal received from a contractor.

For jobs performed by Company personnel, actual time for the retirement and the capital additions are separately charged on the timesheet. The labor overheads follow the labor charges. Materials and supplies, paving, etc. are charged directly to either the retirement or capital addition as applicable.

For electronic version, refer to KAW_R_AGDR1#195_061807.pdf

BID

PROJECT IDENTIFICATION: **Sludge Handling Improvements**
Richmond Road Station

THIS BID IS SUBMITTED TO: **Michael Galavotti, P.E.**
Senior Operations Engineer
Kentucky American Water
2300 Richmond Road
Lexington, Kentucky 40502

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1. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with OWNER in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Times indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.

2. Bidder accepts all of the terms and conditions of the Invitation to Bid and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance as stated in paragraph 15 of the Instructions To Bidders. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Requirements within fifteen days after the date of OWNER's Notice of Award.

3. In submitting this Bid, Bidder represents, as more fully set forth in the Agreement:

(a) Bidder has examined copies of all the Bidding Documents and of the following Addenda (receipt of all which is hereby acknowledged):

Date	Number
12-13-06	1

(b) Bidder has familiarized itself with the nature and extent of the Contract Documents, Work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance or furnishing of the Work.

(c) Bidder has studied carefully all reports and drawings of subsurface conditions and drawings of physical conditions which are identified in the Supplementary Conditions as provided in Paragraph 4.2 of the General Conditions, and accepts the determination set forth in Paragraph GC-4.2.2 of the General Conditions, as may be amended by the Supplemental Conditions, of the extent the technical data contained in such reports and drawings upon which Bidder is entitled to rely.

(d) Bidder has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies (in addition to or to supplement those referred to in (c) above) which pertain to the subsurface or physical conditions at the site or otherwise which may affect the cost, progress, performance or furnishing of the Work as Bidder considers necessary for the performance or furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms

and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.2 of the General Conditions; and no additional examinations, investigations, explorations, tests, reports or similar information or data are or will be required by Bidder for such purposes.

(e) Bidder has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumes responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports or similar information or data in respect of said Underground Facilities are or will be required by Bidder in order to perform and furnish the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.3 of the General Conditions.

(f) Bidder has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.

(g) Bidder has given ENGINEER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by ENGINEER is acceptable to Bidder.

(h) This Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any person, firm or corporation to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over OWNER.

4. Bidder will complete the Work for the price(s) shown.

Where materials are furnished by the OWNER, the prices provided herein are for installation only. Otherwise the prices include furnishing and installation of materials.

LUMP SUM CONTRACT PRICE ONE MILLION, NINE HUNDRED NINETEEN THOUSAND, FIVE HUNDRED, NINETY SEVEN DOLLARS ($1,919,597.00).

Contained in the lump sum bid is the sum of FORTY THOUSAND dollars, ($40,000.00) associated with cost of demolition of existing facilities and/or removal of existing material and/or equipment as required to complete the Work in accordance with the Contract Documents. This is the net cost to Bidder for such work taking into consideration estimated disposal costs or salvage values accruing to Bidder. This information is necessary for OWNER's financial accounting of project costs and will not be used in the selection of the successful Bidder.

5. Bidder will provide alternative equipment and/or materials (if any) as listed below in lieu of the specified equipment and/or materials in accordance with the General Requirements in Specification Section 1100 - ALTERNATIVES.

OWNER may select items of any manufacturer or supplier listed in the following tabulation. Bidder will furnish and install such items selected for a Contract Price equal to the lump sum Contract Price, adjusted by the amount of deduction for the substituted item(s).

In the following tabulation, the name of the manufacturer or supplier entered on line (a) is the name of the manufacturer or supplier named in the Specifications for that item and the cost for providing that specified item is included in the lump sum Contract Price. If the name of the manufacturer or supplier is not shown on line (a), it is understood that the lump sum Contract Price includes the cost for providing the item furnished by the manufacturer or supplier first named in that portion of the Specification pertaining to the equipment and/or materials being substituted.

Names of alternative manufacturers and suppliers are shown on lines (b) and (c) with the respective prices to be deducted from the lump sum Contract Price should the OWNER elect to accept the alternative item.

Bidders are required to provide a deduct or an add for the Penn Valley Pump. The price shall be based on model 6DDSX76 piggy back pumps with suction and discharge pulsation dampeners, discharge pressure sensor, suction vacuum sensor, and added wiring for the vacuum sensor.

ALTERNATIVE EQUIPMENT AND/OR MATERIALS

Spec. Section & Item		Manufacturer or Supplier	Deduct from Base Bid
11211 Water Booster Pump	(a)	Sta-Rite	
	(b)		
	(c)		
11240 Chemical Feed Pumps	(a)	U.S. Filter / Wallace & Tiernan	
	(b)		
	(c)		
11245 Polymer Mixing and Preparation Equipment	(a)	Acrison, Inc.	
	(b)		
	(c)		

11350 Sludge Pumps	(a)	Moyno Products	
	(b)	Penn Valley	($2000.00)
	(c)		
13450 Central Control	(a)	Bristol	
	(b)		
	(c)		
14550 Sludge Conveyor	(a)	Serpentix	
	(b)		
	(c)		

6. Bidder agrees that the Work on the Sedimentation Basins will be substantially complete within 105 calendar days after the date when the Contract Times commences to run as provided in Paragraph 2.3 of the General Conditions. Bidder agrees the Balance of the Work will be substantially complete within 256 calendar days after the date when the Contract Times commences to run as provided in Paragraph 2.3 of the General Conditions, and completed and ready for final payment within 365 calendar days after the date when the Contract Times commences to run. Per the instructions to Bidders, Bidder must fill in the contract time above.

Bidder accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the Work on time.

7. The following documents are attached to and made a condition of this Bid:

(a) Required Bid Security in the form of Bid Bond.

(b) Evidence of Bidder's qualification to do business in the State where the project is located.

(c) Bidder's contractor's license number if required to work in the State where the project is to be constructed.

(d) Information describing the proposed alternative equipment and/or materials.

8. The terms used in this Bid which are defined in the General Conditions of the Contract Documents have the meanings assigned to them in the General Conditions.

SUBMITTED on DECEMBER 19, 2006.

If Bidder is:

~~An Individual~~

By _____ (SEAL)

(Individual's Name)

doing business as _____

Business address: _____

Phone No.: _____

~~A Partnership~~

By _____ (SEAL)

(Firm Name)

_____

(general partner)

Business address: _____

Phone No.: _____

A Corporation

By HERRICK COMPANY, INC.

(Corporation name)

KENTUCKY

(State of incorporation)

By _____

(name of person authorized to sign)

H. DOUGLAS HERRICK, PRESIDENT

(Title)

(Corporate Seal)

Attest Donna S. Herrick

DONNA S. HERRICK (Secretary) V.P./SECRETARY

Business address: 1385 TRACY ROAD, LAWRENCEBURG KY 40342

Phone No.: 502 839 3484

A Joint Venture

By _____

(Name)

_____

(Address)

By _____

(Name)

_____

(Address)

(Each joint venture must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above).

"Bryan, Alan"
<ABryan@grwinc.com>
01/24/2007 12:59 PM

To <jason.hurt@amwater.com>
cc
bcc
Subject FW: Parkers Mill PS

Jason, here is a revised statement of demolition costs from W Rogers for the Parkers Mill pump project.

From: Boyd Rogers [mailto:boydr@wrogers.com]
Sent: Wednesday, January 24, 2007 11:23 AM
To: Bryan, Alan
Subject: Parkers Mill PS

Alan –

As discussed yesterday, following is the revised language.

Contained in the lump sum bid is the sum of Two Hundred Thousand Dollars and No Cents ($200,000.00) associated with cost of demolition of existing facilities and/or removal of existing material and/or equipment as required to complete the Work in accordance with the Contract Documents. This is the net cost to Bidder for such work taking into consideration estimated disposal costs or salvage values accruing to Bidder. This information is necessary for OWNER's financial accounting of project costs and will not be used in the selection of the successful Bidder.

Should there be questions, please call.

Boyd Rogers
Vice President
W. Rogers Company
Voice: 859.231.6290
Fax: 859.231.6296

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Engineering Corporation
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BEST PLACES TO WORK IN INDIANA 2006

January 30, 2007

MR. MICHAEL GALAVOTTI – SENIOR OPERATIONS ENGINEER
KENTUCKY – AMERICAN WATER COMPANY
2300 Richmond Road
Lexington, KY 40502

RE: Kentucky American Water Company
Installation of Horizontal Split Case and Vertical Turbine Pumping Equipment

Dear Mr. Galavotti,

Bowen Engineering appreciates the opportunity in analyzing the cost associated with the replacement of the six (6) intake pumps and two (2) transfer pumps and associated work. Reviewing the project it was determined the first issue was to research the existing painting systems. Combined Services Group, LLC was employed to determine the existing material present and the appropriate method for applying new coating systems.

Reviewing the Certificate of Analysis from Microba Laboratories, Inc., five samples were taken from documented locations. Lead content ranges from <5 mg/kg to 52 mg/kg. The Residential Lead-Based Paint Hazard Reduction Act set a standard of 0.05% by weight. This equates to 500 parts per million (ppm). The Consumer Product Safety Act, 16CFR1303 defines lead containing paint as paint that has a lead content in excess of 0.06% by weight. This equates to 600 ppm of lead when testing is done. The test on this structure as shown in the reports indicates a range of lead from <5 mg/kg (5 ppm) to 52 mg/kg (52 ppm). The lead does not pose any particular hazard to either the environment or to workers.

The paint Scope of Work Item 1 is for the exterior structural support steel, slide and dump trough. The environment is classified as EG4, below average corrosive exposure levels for an industrial plant with normal exposure to midwestern type climatic conditions. The paint condition is classified as SG5. (*This surface requires abrasive blast deteriorated areas, spot prime and clean remainder of surface with compressed air, water, or solvent and topcoat overall.*) It is recommended that a three-coat system, (CS-1) be used with the first coat being a 100% solid penetrating epoxy. It is recommended this structure not be blasted but power washed and hand tool cleaned. This eliminates the overriding concern of protecting the river from blast media and the potential of small amounts of leads.

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BEST PLACES TO WORK IN INDIANA 2006

The second Scope of Work Item 2 is for the interior of the pump motor enclosure. The environment is classified as EG-2. Mildest of environments with very low levels of detrimental environmental factors with dry climatic conditions. The paint condition is classified as SG1. *(For improved services life or appearance, clean spots thoroughly using compressed air, water or solvent and spot touch-up finish only to match existing.)*. Reviewing the dry film thickness readings taken, the reduced film thickness is less than 10%. There is no evidence of topcoat attack, edge rusting, rusting of planes or severe conditions. It is recommended that a one coat system, (CS-6) be applied to the existing interior using a one part, High Solid Epoxy. The cost to perform this work is not included in the lump sum price. The lump sum price for this work is offered in the Statement of Clarifications, item 2.

Reviewing the overall scope of work and the procedures for replacing the vertical turbine pumps, Bowen has determined a method for removing and replacing the six (6) vertical pumps and has detailed the scope of work as follows with proposed schedule dates:

1. Notification to proceed issued on 2/16/07.
2. Order switch gear for river work 2/17/07 (14 week delivery - May 9, 2007).
3. Order remaining switch gear 2/17/06 (30 week delivery).
4. Install concrete kickers in month of April – (28 day cure of concrete).
5. Start mobilizing river work March 15, 2007.
6. Perform the following work prior to pump arrival.
    a) Shut off three pumps in one wet well for diver protection.
    b) Remove sufficient debris and sand from wet well to perform work.
    c) Install new baffle walls.
    d) Verify opening size in fiberglass opening on top of cage for new pumps.
    e) Remove required sections of fiberglass cage to remove fiberglass cone.
    f) Install new fiberglass cone for all three pumps.
    g) Reinstall fiberglass cage sections.
    h) Perform the above for second wet well.
7. Pumps are shipped middle of May (5/15/07).
8. Load three pumps and switch gears on barge 5/21/07.
9. Install I-beams to hang scaffolding off traveling screen tower.
10. Build scaffold under pumps and on outside for paint and bolt removal.
11. Remove & Replace bolts in structure up to elevation 595.92 including the ¾" x 1'-4" vertical bolts anchoring pump base plates.
12. Run trolley outside building.
13. Disconnect power from trolley.
14. Remove five roof panels over first three pumps.
15. Fabricate angle iron frame with tarp to form a temporary roof in case of rain.
16. Remove trolley from monorail and put in temporary storage.
17. Remove or slide over monorail beam plus two mid support beams for vertical pump removal.

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18. Assemble first pump on barge in complete sections.
    a) One pump bowel section (7,500 lbs).
    b) One 82" cone section below using existing pump base.
    c) Two 10'-0" sections.
    d) Three 5'-0" sections.
    e) Paint pumps and columns on barge.
19. Disconnect first electrical motor.
20. Remove electrical motor from pump base.
21. Verify motor coupling flange run out prior to setting in temporary storage.
22. Clean pump base and verify existing levelness of pump base for reinstallation.
23. Inspect and document any shims between motor base and pump base plate.
24. Remove pump and base by taking pump directly out thru roof and set on barge.
25. Remove the 3'-9" pump base plate.
26. Clean and paint existing motor support, pump base plate.
27. Clean and paint structural areas exposed by pump removal.
28. Rig and pick up in one piece the first pump and set in hole.
29. Level pump base to .002" per lineal foot.
30. Install pump discharge coupling (loose).
31. Install thrust shim pack (loose).
32. Install dial indicators on column X & Y direction at discharge location.
33. Tighten coupling and thrust shim pack.
34. Rotate by hand pump shaft.
35. Install Electrical motor.
36. Terminate power feeds.
37. Perform and follow start up procedures for pump start up.
38. Start first pump. June 01, 2007.
39. Turn first pump over to owner.
40. Perform the appropriate items for the next five pumps.
41. Reinstall the monorail support beams and monorail beam.
42. Reinstall the monorail hoist.
43. Repair any buss bars that might get damaged during monorail removal and replacement.
44. Terminate power supply to monorail.
45. Install roof panels over motors – replace with new material any damaged panels.
46. Transport old pumps from barge to flatbed truck for owners storage (2 to 4 pump bowels).
47. Install electrical substation and electrical duct banks and applicable electrical work prior to the arrival of the transfer pumps. Start April 2, 2007, Finish August 1, 2007.
48. Install two new transfer pumps Start August 1, 2007 Finish September 28, 2007.

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BEST PLACES TO WORK IN INDIANA 2006

The cost to prepare this proposal and provide the attached coating analysis is $10,050. Bowen Engineering proposes to perform the work as modified in this proposal, Statement of Clarifications as detailed per Kentucky – American Water Company Project Manual, IP12020508, dated October 2006 for the lump sum of **$2,936,326**. If American Water Company chooses to have Bowen Engineering perform the work as detailed in the Project Manual and as modified in this letter, there will be no cost for the preparation of this proposal.

Cost associated with the removal of electrical conduit and wire, ventilation system, transfer pump and base, removal of six vertical turbine pumps and 40% of the painting cost is **$493,035.** This cost is included in the above lump sum price.

Please review the Statements of Clarification for further clarifications to this proposal. If we can assist you further in the evaluation of this proposal please contact us.

Respectfully Submitted,
BOWEN ENGINEERING CORPORATION

Kent Powelson
Senior Project Engineer

Attachments: Combined Services Group, LLC Coating Analysis
Statement of Clarifications

cc: Rick Svindland – KAWC
Jeff Purdue – BEC
Aaron Purdue - BEC
Todd Lemean – BEC

File – H/estimating/2007/Kentucky American Water

BOWEN ENGINEERING
STATEMENTS OF CLARIFICATIONS

INSTALLATION OF HORIZONTAL SPLIT CASE AND VERTICAL TURBINE PUMPING EQUIPMENT
for
KENTUCKY – AMERICAN WATER COMPANY – LEXINGTON SERVICE AREA
IP 12020508
OCTOBER 2006

1. New transfer pumps provided by KSB have an offset from the intake to the discharge of 2.36" from the break of the pump case halves to the center line of the discharges. It is assumed the existing pumps have the same offset. The offset of the old pumps is shown on section 1, P5. If the offset is different from the new pumps verses the old pumps and a special transition fitting is required, Bowen will request additional money to fabricate the special fittings. Installations of transition fittings are included in the lump sum price.

2. Removal of pump house siding, painting of structural steel above elevation 595.92 and the replacement of bolts are not included in the proposed lump sum price. Please refer to the fourth paragraph of the proposal for the analysis of the coating system. The lump sum price adder to clean the steel by hand, leave the siding and bolts in place and paint the exposed structural steel (SG-1) with one coat of paint per system per CS-6 is $26,922.

3. For the lump sum of $14,160 Bowen will paint the steel as shown in C.S.G Coatings Analysis, Scope of Work 3, per page four (4) of section six. This represents the extra steel not covered under the scope of work.

4. Bolts will be removed and replaced from elevation 595.92 and down. This includes the vertical ¾" x 1'-4" vertical bolts that hold the pump base to the structural steel. Bolts will be removed from the structure either by acetylene torch or by impact wrench. Bolt and nut contact surfaces will be power brushed, galvanized bolt inserted and the appropriate torque applied. The bolts and nuts will be painted and sealed by applying the 9.5-14 mil Coating System 1.

5. Entering into the wet well of the vertical turbine pumps, each set of pumps (3), must be shut off in order to perform the work in the wet well.

6. Pump manufacturers representative must be present during the removal and installation and start up of the first vertical turbine pump.

7. Electrical power distribution from substation thru MH1 and MH2 is quoted as detailed per drawing E3 dated October 2006. A question concerning the cross sections of the duct banks was raised. To date, Bowen has not received an answer to the question.

8. Due to Bowen Engineering's strong financial condition and performance on previous projects, American Water typically does not require performance and payment bonds from Bowen. Therefore, our pricing does not include the cost of a performance and payment bond. If a bond is required please add $19,542 to our proposal pricing.

9. Bowen Engineering Corporation will not be responsible for any aspect of equipment design, support or performance other than those items directly related to installation.

File Name: KENTUCKY AMERICAN WATER LEXINGTON WORKSHEET 2/5/2007

Kentucky American Water - Lexington Ky			CONTRACT DURATION, MONTHS...			7.00	Revised:	11/01/2005	MAJOR OVERHD RATE REV.		
Estimator:Kent Powelson			ANTICIP. DURATION, MONTHS...			7.00					
R&R Six Turbine Pumps & Two		Average Job =	31%	L&E	69%	M&S					
		This Job =	12%	L&E	88%	M&S					
DESC	QTY	LABOR	EQUIP	MATL	SUBS	TOTAL	CHECK				
FROM PRICING SHEET		109,163	14,568	1,972,078		2,095,809	2,081,241				
CONTINGENCY		0	0	50,000	0	50,000	50,000				
LABOR SHIFT		0	0	0	0	0	0				
TOT DIR CST ==>		**109,163**	**14,568**	**2,022,078**	**0**	**2,145,809**	2,145,809				
ONSITE SUPER		67,842				67,842					
OFFICE SUPER		67,842				67,842	MULTPLR				
DIVISION 1 TOTALS		7,565		16,587		24,152	‖				
MEDIUM TOOLS			3,940			3,940	V				
SUBSISTNCE, WKS	84			45,761		45,761					
SMALL TOOLS	3.00%			3,275		3,275	CHECK				
FIELD COST ==>		143,248	3,940	65,622	0	**212,811**	212,811				
BOND COMPAR.	1.245							SAFETY WORKUP:		Safety	
ASSOC DUES				1,392		1,392		# MO =	7	Prof./Hr. =	$45.99
BLDRS RISK	1.233			2,726		2,726		VST/MO =	4.00		
RAILROAD INS	0.00			0		0		HR/VST =	8		
OCP INS, RATE=	0.00			0		0		TOT CST =	**10,303**		
MAINT. BOND	1.00	yrs.		0		0		IN BID =	**10,303**		
PERF. BOND	1.233			19,304		19,304					
SPARE						0		BOND WRKUP:		100% MAINT BOND	
SAFETY, MO	7.00	10,303		3,000		13,303		2,358,620	OLD	2,908,178	PENALTY
SALES TAX	0.00%			0		0		2,908,178	FMLA:	2,908	Thousand
TEMP. BARRICADE	0.08%	1,091		1,091		2,181		2,908	2,760		MAINT BOND:
POLL. LIAB.	1.233			808		808	CHECK :				-
INDIRECT COST ==>		11,393	0	28,321	0	**39,714**	39,714	BID:	MLTPL:		-
								2,936,326	1.2449		5,262
SUB-TOTAL ==>		263,805	18,508	2,116,021	0	2,398,334	2,398,334	2,936			-
								PERF/PAY BOND			-
Add for marketing =		1.30%	1.30%	1.30%	1.30%			**CALCULATION**		/YEAR =	5,262
OFFICE G & A % =		**12.41%**	**12.41%**	**4.62%**	**4.62%**	**5.54%**				**10% MAINT. BOND**	
OFFICE G & A $ =		32,741	2,297	97,865	0	132,903			-	290,818	PENALTY
							CHECK :		-		
TOTAL COST ==>		296,546	20,805	2,213,886	0	2,531,237	2,531,237		-		MAINT BOND:
									19,304	/YEAR =	2,617
RISK =	1.73%	5,116	359	38,191	0	43,665			-	MAINT. BOND	
									-	COVERED FOR THE	
TOTAL BID @	1.73%	301,662	21,164	2,252,077	0	2,574,903		PERF/PAY	-	FIRST YEAR BY THE	
							CHECK :	BOND =	19,304	PERF. BOND	
INSERT PROFIT....	**16.00%**	47,458	3,330	354,301	0	**405,089**	405,089				
							CHECK :				
TOTAL BID @	**16.00%**	344,004	24,135	2,568,187	0	2,936,326	2,936,326				
TOTAL CONTRIB. =		673,675									
TOTAL SUPERV. =		135,683	R.O.I. Spv =	2.99							
1% PROFIT =		25,312			TOTAL BID....		2,936,326		2,963,537		
TOTAL MARKUP =		**36.84%**									
JOB DURATION, WEEKS =		30							TOTAL		
SUPERVISION:	Prepln	Trench Work	Trns. Pmps	River Work	Kicker Work	Cap.Elec.	Closeout	Warranty	WEEKS	AMT.	TOTAL
SUPER	1.0	6.1	7.8	11.6	1.0	2.6	2.0		32.1	2,419	77,528
ASST. SUPER:									0.0	2,075	0
FOREMAN:									0.0	1,965	0
OTHER:									0.0	1,526	0
OTHER:									0.0	1,526	0
Fld. Engr.									0.0	1,766	0
C.M.	0.5		2.0						2.5	2,588	6,469
P.M.:	1.0		6.0						7.0	2,120	14,843
P.E.:	1.0	6.1	7.8				2.0		16.9	1,648	27,797
P.C.	1.0		6.0				1.0		8.0	1,131	9,046
										TOTAL =	135,683
					BOWEN SUPERVISION FORMULA:			95,731		IN BID:	135,683

Kentucky American Water - Lexington Ky
Estimate for Kerr Powell on
R&R Six Turbine Pumps & Two Transfer Pumps

Job Duration Calculations	Trench		Transfer Pumps	River Work	
Total Number of Pipefitter Journeyman Hours	977	hrs	1242		
Number of Pipefitter Journeyman	[illegible]	men	[illegible]	Per Paul Weisner	
Hours per Day Worked	[illegible]	Hrs	[illegible]		
Days per Week	[illegible]	Days	[illegible]	60	Days
Man Hours per Week	160.00	Man Hours per Week	160.00		
Duration in Months	1.41	Months	1.79	2.69	Months

DESCRIPTION	QTY	UN	@	MAT'L TOTAL	Cost Per Unit	TOTAL LABOR	PFF FM	PFF JM	416 RT Hoe Ram	416 RT Bhoe	LAB FMN	LAB Jnm	TMST Dmptrk	CAF	CAJ	MW
				-	-	-										
List of Subcontractors On Top of Hill				-	-	-										
Capital Electric Quoted Dated (812-985-7700)	1.0	lot	$991,500	991,500	-	-										
Whitehouse Painting (Both on top and Bottom of Hill)	1.0	lot	$253,644	253,644	-	-										
Triangle Insulation (270-443-2424)	1.0	lot	$23,688	23,688	-	-										
				-	-	-										
				-	-	-										
				-	-	-										
EXCAVATION FOR ELECTICAL TRENCH WORK & MANHOLES				-	-	-										
				-	-	-										
Layout all Lines with Client and Various Utilities and Mark				-	-	1,010					16.0	16				
				-	-	-										
Saw Cut Asphalt Area	716.0	lf		-	-	1,010					16.0	16				
Saw Rental United Rental 812-867-0102	1.0	week	390.00	390	-	-										
Blade rental	1.0	week	800.00	800	-	-										
Pick up and take back	1.0	lot		-	-	254					8.0					
Fuel	50.0	gal	3.00	150	-	-										
				-	-	-										
				-	-	-										
Patch Ashpalt				-	-	-										
Curb to raw water transfer station	240.0	sf		-	-	-										
Curb to MH #2	356.0	sf		-	-	-										
MH#2 (if located in asphalt)	100.0	sf		-	-	-										
MH#2 to Switch Building	120.0	sf		-	-	-										
	816.0	sf		-	-	-										
	90.7	SY		-	-	-										
	110.0	#/sqyd		-	-	-										
	5.0	ton		-	-	-										
Andy at Central Kentucky Asphalt 859-299-0057	1.0	lot	3000.00	3,000	-	-										
				-	-	-										
Form and Replace Curb	1.0	cy	85.00	85	-	1,534					16.0	16		16		
(Crouse Conrete)				-	-	-										
				-	-	-										
				-	-	-										
				-	-	-										
TRENCH #1				-	-	-										
Substation to Manhoe #1				-	-	-										
Lineal Feet	188.0	lf		-	-	-										
Depth	3.4	lf		-	-	-										
Width	1.8	lf		-	-	-										
CY of Excavation of Material	42.7	cy		-	100.1	4,277			16	16	16.0	16	16			
				-	-	-										
Material to Haul Away	49.1	cy		-	-	-										
				-	-	-										
Concrete Backfill Around HV Conduit				-	-	-										
width	1.8			-	-	-										

depth	1.8			-	-	-							
length	188.0			-	-	-							
cy (crouse concrete 859-231-0043)	28.2	cy	81.00	2,284	-	805				8.0	8		
				-	-	-							
Rebar				-	-	-							
#4 bars	1255.1	lbs	1.15	1,443	-	1,010				16.0	16		
				-	-	-							
				-	-	-							
				-	-	-							
TRENCH #2													
Manhoe#1 to Pump Transfer Building	245.0	lf		-	-	-							
Depth	3.4	lf		-	-	-							
Width	1.8	lf		-	-	-							
CY of Excavation of Material	55.7	cy		-	76.8	2,765	16	16	16.0	16	16		
CY of Material to Haul Away	64.1	cy		-	-	-							
Backfill Trench	97.7	tons	14.40	1,408	-	-							
(Vulcan Mat'l 859-263-5089)				-	-	-							
				-	-	-							
TRENCH #3													
Manhoe #1 to Manhoe #2	320.0	lf		-	-	-							
Depth	3.4	lf		-	-	-							
Width	1.8	lf		-	-	-							
CY of Excavation of Material	72.7	cy		-	88.2	6,415	24	24	24.0	24	24		
CY of Material to Haul Away	83.7	cy		-	-	-							
Stone backfill 72.7 cy	127.7	tons	14.40	1,838	16.7	2,126		16	16.0	16			
(Vulcan Mat'l 859-263-5089)				-	-	-							
				-	-	-							
				-	-	-							
TRENCH #4 (congested by building with utilities)				-	-	-							
Manhoe #2 to Swith Building	60.0	lf		-	-	-							
Depth	3.4	lf		-	-	-							
Width	1.8	lf		-	-	-							
CY of Excavation of Material	13.6	cy		-	313.5	4,272	16	16	16.0	16	16		
CY of Material to Haul Away	15.7	cy		-	-	-							
Stone backfill 13.6 cy	23.9	tons	14.40	344	27.8	664		5	5.0	5			
(Vulcan Mat'l 859-263-5089)				-	-	-							
				-	-	-							
FIRST MANHOLE				-	-	-							
(Sherman Dixie 859-254-4242- Michelle Powell)	1.0	ea	4152.02	4,152	-	-							
Depth	7.0			-	-	-							
width	7.0			-	-	-							
length	7.0			-	-	-							
Excavate Material	32.0	cy		-	133.6	4,277	16	16	16.0	16	16		
Haul Away	37.0	cy		-	-	-							
Stone Backfill 11 cy of material	43.0	ton	14.40	619	24.7	1,063		8	8.0	8			
(Vulcan Mat'l 859-263-5089)				-	-	-							
				-	-	-							
				-	-	-							
SECOND MANHOLE				-	-	-							
(Sherman Dixie 859-254-4242- Michelle Powell)	1.0	ea	4152.02	4,152	-	-							
Depth	7.0			-	-	-							
width	7.0			-	-	-							
length	7.0			-	-	-							
Excavate Material	32.0	cy		-	133.6	4,277	16	16	16.0	16	16		
Haul Away	37.0	cy		-	-	-							
Stone Backfill 11 cy of material	43.0	ton	14.40	619	24.7	1,063		8	8.0	8			
(Vulcan Mat'l 859-263-5089)				-	-	-							

SUBSTATION				-	-	-													
				-	-	-													
				-	-	-													
Fence 50' x 50'				-	-	-													
ST. Fence - Diana 859-887-2246	1.0	lot	6800.00	6,800	-	-													
(ST. Fence will hammer out 20 holes for post - in price)				-	-	-													
				-	-	-													
Concrete Pad - 18.5' x 14' wide w/2' turn down 4500 PSI				-	-	-													
Concrete (one sided form poured neet w/ 20% added)	16.34	CY	85.00	1,389	-	-													
Crouse Concrete 1-859-231-0043				-	-	-													
Formwork	130.0	sf	5.00	650	-	1,020											16	16	
Rebar 2 layers #5 w/#5 in turn down	2000.0	lbs	1.00	2,000	-	1,015							8.0	8			8	8	
Pour Slab				-	-	1,015							8.0	8			8	8	
				-	-	-													
				-	-	-													
Excavate Turn down				-	-	-													
Excvate material	16.34	cy		-	-	2,138				8	8	8.0	8	8					
Haul Material away	19.6	cy		-	-	-													
				-	-	-													
Stone around substation	72.9	tons	14.40	1,050	21.9	1,594					12	12.0	12						
				-	-	-													
Three Precast steps into Transformer Pad	3.0	ea	75.00	225	-	266					2	2.0	2						
				-	-	-													
REMOVE AND REPLACE RAW WATER PUMPS				-	-	-													
PUMP #1				-	-	-													
Move in Equipment and Set up to Work				-	-	1,302	8	8				8.0	8						
Remove Copper Sealenet Piping				-	-	199	2	2											
Disconnect Coupling				-	-	300													8
Disconnect Inlet 16" - Disconnect 20" outlet				-	-	797	8	8											
Remove Pump by using Overhead & Set on Tuck				-	-	1,351	8	8				8.0							8
Disconnect Electrical motor from base plate & Remove				-	-	1,351	8	8				8.0							8
Remove Base Plate				-	-	675	4	4				4.0							4
Flat Bed Rental	16.0	hrs	109.00	1,744	-	-													
Crane Rental	16.0	hrs	115.00	1,840	-	-													
Remove Entire Pump Base from Floor Slab				-	-	3,468						24.0	48	24					
Drill in new holes for new pump base	40.0	ea		-	-	502							16						
Form New Pump Base	132.0	sf		-	-	1,020											16	16	
Pour New Base	10.0	cy	85.00	850	-	1,266						8.0	16				8	8	
Pump Rental Cost	1.0	lot	1200.00	1,200	-	-													
Rebar 2 layers #5 w/#5 in turn down	430.0	#	1.00	430	-	-													
Strip Forms and Clean up				-	-	505						8.0	8						
Lay out new Pump Lay out on concrete for new holes				-	-	399	4	4											
Drill 10 new holes for Base				-	-	598	6	6											
Set New Base in Place				-	-	1,097	8	8											8
Set New Motor in Place				-	-	1,097	8	8											8
Set New Pump in Place				-	-	1,097	8	8											8
Cut Existing Pipe to make up for pump Width				-	-	797	8	8											
Flat Bed Rental	24.0	hrs	109.00	2,616	-	-													
Crane Rental	24.0	hrs	115.00	2,760	-	-													
Allign Pump Install Lube lines				-	-	1,397	8	8											16
Start up of Pump and turn over to Owenr				-	-	1,097	8	8											8
Discard Old Pumps and Motors to Owner Site				-	-	-													
Flat Bed Rental	8.0	hrs	109.00	872	-	-													
Crane Rental	8.0	hrs	115.00	920	-	-													
				-	-	-													
Misc Items Required for Pump R & R				-	-	-													

24" Bolt Nut Gasket Set	1.0			80.00	80	-	320		8									
20" Bolt Nut Gasket Set	2.0			60.00	120	-	240		6									
16" Bolt nut Gasket Set	1.0			60.00	60	-	200		5									
					-	-	-											
Pipe Material					-	-	-											
24 x 20 Eccentric Reducer	2.0			1176.00	2,352	-	797	8	8									
20 x 16 Concentric Reducer	2.0			604.00	1,208	-	797	8	8									
					-	-	-											
					-	-	-											
					-	-	-											
PUMP #2					-	-	-											
Sum of Pump #1					13,492	-	22,668	112	131	0	0	68	96	24	24	24	76	
					-	-	-											
					-	-	-											
REWORK TEE IN CORNER OF BUILDING					-	-	-											
Equipment Needed					-	-	-											
Rent A-Frame for 90 removal	1.0	ea		2000.00	2,000	-	-											
Dolley for transport	1.0	ea		500.00	500	-	-											
Compressor for bolts (Div 1 tools)					-	-	-											
Crane Rental	8.0	hrs		110.00	880	-	-											
					-	-	-											
Labor to Remove					-	-	-											
Remove 90 in corner of building					-	-	2,234	16	32									
30" Base Tee	1.0		1	3998.00	3,998	-	1,117	8	16									
30" Blind Flang w/ 6" Flang outlet in center	1.0		1	1592.00	1,592	-	1,117	8	16									
6" NRS gate Valve Flanged	1.0		1	500.00	500	-	559	4	8									
Vacuum Rellief Valve	1.0		1	1500.00	1,500	-	-											
30" Bolt Nut Gasket Set	3.0	ea		212.00	636	-	960		24									
Discharge piping	1.0	lot		200.00	200	-	-											
Misc freight	1.0	ea		750.00	750	-	-											
6" bolt nut gasket set	2.0	ea		50.00	100	-	-											
					-	-	-											
RIVER WORK					-	-	-											
					-	-	-											
<u>Scope of River Work For Subcontractors</u>					-	-	-											
					-	-	-											
Aquarius Quotation Dated email-1/29/07	1	lot		599878	599878	-	-											
Whitehouse Painting Quoatation Dated _____	1	See Top of Hill			-	-	-											
Fiberglass Baffels	4	EA		1737.50	6,950	-	-											
(Warminster Fiberglass 215-953-1260)					-	-	-											
Suction Cones	6	ea		590.00	3,540	-	-											
(Warminster Fiberglass 215-953-1260)					-	-	-											
Structural Steel Components	1	lot		3807.00	3,807	-	-											
(Structural Components 765-342-9188)					-	-	-											
Freight to site for Steel (Taken down with crew)					-	-	-											
					-	-	-											
<u>Misc. Material to be provided by Bowen for AQ</u>					-	-	-											
1" Dia all thread rods x 3'-0" long with nuts	48	ea		14.25	684	-	-											
Thrust Bolts	48	ea		2.50	120	-	-											
Fasteners for Roof Structure panels SS	1	lot		1000.00	1,000	-	-											
Fiberglass Roof Panels (If brokent - 11 Ea)	11	ea		250.00	2,750	-	-											
Bent Buss Bar for monorail	1	lot		350.00	350	-	-											
Shim Plates for six pumps thrust block	6	ea		100.00	600	-	-											
New gaskets for dresser coupling	12	ea		75.00	900	-	-											
					-	-	-											

Items to be Transferred by Barge to Site			-	-	-
Bolts & Nuts	2000	ea	-	-	-
Tool Box W/			-	-	-
Electric Impact wrench	2	ea	-	-	-
Tourch Outfit	1	ea	-	-	-
Retractibles	2	ea	-	-	-
Spuds and wreches	2	ea	-	-	-
Schackles and chokers	1	lot	-	-	-
Welding Lead	400	lf	-	-	-
Stinger	1	ea	-	-	-
Welding hood	1	ea	-	-	-
ground clamp	1	ea	-	-	-
Small Gas Welding Machine	1	ea	-	-	-
Painting equipment	1	lot	-	-	-
High pressure Blaster	1	lot	-	-	-
Paint and thinners	1	lot	-	-	-
Scaffolding material	1	lot	-	-	-
5KV,3 Phase Primary Main Switch	1	ea	-	-	-
Automatic Transferr Switch	1	ea	-	-	-
5KV,3 Phase Primary Main Switch second unit	1	ea	-	-	-
Conduit and wire & required tools	1	lot	-	-	-
			-	-	-
			-	-	-
SCOPE OF WORK			-	-	-
1 Notificaton to proceed issued by 2/16/07			-	-	-
2 Order Swich gear for deliver by 5/28/07			-	-	-
3 Pumps to arrive at site on 4/15/07			-	-	-
4 Load above material list and tool list on barge			-	-	-
5 Off load material and equipment off barge at work site			-	-	-
6 Whitehouse (WH) erects scaffolding			-	-	-
7 Bowen welds on 4" I-beams for scaffolding			-	-	-
8 Aquarius (AQ) runs trolley outside of building enclosure			-	-	-
9 Capital Electric (CE) disconnects power feed to trolley			-	-	-
10 AQ drills and installs new kicker system (28 day curing period)					-
11 AQ dewaters first wet well and isolates three pumps (weekend 8hrs Sat. or Sun.)			-	-	-
A) AQ removes sand and debris from wetwell to do work			-	-	-
B) AQ installs two new baffel walls (if time allows)			-	-	-
C) AQ verifies opening size of fiberglass opening on top of cage for new pumps (req'd)				-	-
D) Remove existing fiberglass cages for access to remove cone				-	-
E) AQ roughens up conrete area on riverside of pump for new provile (req'd)			-	-	-
F) AQ proivdes and installs Epoxy Bonding Compound to form new slope (req'd)				-	-
G) AQ installs new suction cone for all three pumps (req'd)			-	-	-
H) AQ reinstall fiberglass cages (req'd)			-	-	-
I) AQ must schedule another weekend 8 hours Sat or Sun to complete what work did not get done					-
11 AQ runs trolley outside of bulding			-	-	-
12 AQ disconnects the hoist from the beam and puts in temporary storate			-	-	-
13 AQ will remove the trolley beam from the building by removing 28 bolts			-	-	-
14 Electrification bars will be left on beam during removal			-	-	-
15 AQ will remove five roof panels over three pumps			-	-	-
16 AQ will fabricate a angle frame with tarps to protect rain from entering building			-	-	-
17 AQ will remove one roof beam per side to lift out second and fifth pump			-	-	-
18 AQ will remove electrical motor on first pump and set in temporary storage			-	-	-
19 AQ will remove old pump in one single lift and set pump on barge			-	-	-
20 WH will clean and paint any flanges or steel area made available by removing pump			-	-	-
21 AQ will install new pump from the following sections			-	-	-

	A) one bowel section (7500 Lbs)					-	-	-		
	B) One 82" section					-	-	-		
	C) Two 10'-0" sections					-	-	-		
	D) Three 5'-0" sections					-	-	-		
22	AQ installs existing motor					-	-	-		
23	CE reterminates power feeds					-	-	-		
24	AQ follows start up procedures for new pump					-	-	-		
25	AQ turn pump over to Bowen Engineering for acceptance					-	-	-		
26	AQ performs same work as detailed per item 19 thruk 25 for pump 2 and 3					-	-	-		
27	AQ will perform the work as detailed per item 10 for pumps 4,5 & 6					-	-	-		
28	AQ will reinstall the monorail beam and support beams removed					-	-	-		
29	CE will reterminate the monorail beam					-	-	-		
30	AQ will replace any bus bars that are damaged while removing and reinstalling monorail					-	-	-		
31	Bowen will provide the requierd material to replace any damaged buss bars					-	-	-		
32	AQ will reinstall fiberglass roof material and make weather tight					-	-	-		
33	Bowen will supply the roof material if panels are damaged including fasteners					-	-	-		
34	AQ will load out WH, CE and Bowen equipment onto the barge and transport to ___					-	-	-		
35	AQ will remove old pumps from barge and set on truck on loading dock					-	-	-		
36	AQ will off load WH, CE and Bowens tools from barge onto their company truck					-	-	-		
37	AQ will aquire all permits required to conduct buisness on the river					-	-	-		
						-	-	-		
	Ironworker Work					-	-	-		
AQ	Move items off Barge and set up					-	-	-		
						-	-	-		
AQ	Build Outriggers for Painter and Ironworkers					-	-	-		
						-	-	-		
AQ	Scaffolding material and installation by Whitehouse Painting					-	-	-		
								-		
AQ	Replace Bolts					-	-	-		
	Replace Bots on Structure					-	-	-		
	Back Side of Pump Structure	183				-	-	-		
	Front Side of Pump Structure	183				-	-	-		
	Side of Pump Structure	230				-	-	-		
	Middle Steel in Pump Structure	230				-	-	-		
	End side of Pump Structure	230				-	-	-		
	Bottom Steel on Concrete for kickers	63				-	-	-		
	Side one of Traveling Screen Tower	56				-	-	-		
	Side two of Traveling Screen Tower	56				-	-	-		
	Side Three of Traveling Screen Tower	48				-	-	-		
	Side four of Traveling Screen Tower	48				-	-	-		
	Columns of Traveling Screen Tower	64				-	-	-		
	Structural Steel to Discharge Chute	48				-	-	-		
	Chute	40				-	-	-		
	Tower for Hoist	136				-	-	-		
	Total number of Bolts	1615	ea		1.54	2,487	-	-		
		385.0			1.54	593	-	-		
						-	-	-		
	Remove old bolt via tourch or impact	4.0	minutes			-	-	-		
	Grind both sides of beam to remove paint	5.0	minutes			-	-	-		
	Ream hole with reamer to clean hole	1.0	minutes			-	-	-		
	Insert bolt and tourque with an electric impact	3.0	Minutes			-	-	-		
						-	-	-		
						-	-	-		
BOWEN	Drill Holes in Existing Concrete Base					-	-	-		
	Travel Equpiment down by Rail and get set up					-	-	1,010	16.0	16

	Bush hammer flat surfaces	43.3	sf		-	-	1,010	16.0	16			
	1'-0" deep holes drilled 1" dia	32.0	holes		-	-	1,010	16.0	16			
	4 1/2" deep holes drilled 1" dia	120.0	holes		-	-	1,894	30.0	30			
					-	-	-					
					-	-	-					
BOWEN	Install Rebar (Fabricated price for rebar/metal)	510.0	Lbs	2.00	1,020	-	1,010	16.0	16			
	Epxoy for Dowels				-	-	-					
	beams	48.0	holes		-	-	-					
	Concrete kickers	192.0	holes		-	-	-					
	Total number of Holes	240.0	holes		-	-	-					
	Holes per doubel canister	10.0	holes		-	-	-					
	Number of epoxy containers	24.0	each	20.00	480	-	-					
					-	-	-					
					-	-	-					
BOWEN	Install Formwork (Forms fabricated in bowen shop)				-	-	-					
					-	-	-					
	SF of fom material	121.4	sf		-	-	-					
	plywood sheets	5.0	ea	32.00	160	-	-					
	Make forms in shop	16.0	hrs		-	-	510				8	8
	Shipping to field (with crew truck)				-	-	-					
	Travel Equpiment down by Rail and get set up				-	-	1,010	16.0	16			
	Drill in Grout holes in flat plates (steel fabricator)	24.0	holes	25.00	600	-	-					
	Install form work by anchoring down with hilties				-	-	510				8	8
					-	-	-					
					-	-	-					
BOWEN	Pour Grout				-	-	-					
	Non shcrink high early grout	79	cf		-	-	-					
	Quicrete 5000 mis from Lowes	117.6	bags	4.81	566	-	-					
	Gather material together from Indy to go down				-	-	254	8.0				
	Transport materil down hill				-	-	756	8.0	16			
	Set up Mixer and position grout				-	-	756	8.0	16			
	Pour grout				-	-	1,512	16.0	32			
	Strip forms off				-	-	756	8.0	16			
	Travel up hill with all equipment				-	-	756	8.0	16			
					-	-	-					
					-	-	-					
					-	-	-					
AQ	Rework Column bolts				-	-	-					
	Replace nuts	24.0	ea		-	-	-					
	New nut cost	24.0	ea	1.00	24	-	-					
	Cut off old nut and chase threads and install new	2.0	hrs		-	-	-					
					-	-	-					
AQ	Rework 12 base plates by install new base plate and epoxy new achors				-	-	-					
	12 places each at 4 bolts per location to be installed	48.0	ea		-	-	-					
	Cut old bolts out with tourch	20.0	min		-	-	-					
	Core drill hole in existing base plates	40.0	min		-	-	-					
	Drill Holes 6" deep	40.0	min		-	-	-					
	Insert new epoxy anchor and torque	20.0	min		-	-	-					
	total minutes per anchor bolt	120.0			-	-	-					
					-	-	-					
AQ	Install Tubular Steel Beams	2.0	ea		-	-	-					
					-	-	-					
	Weld out Beams				-	-	-					

	detail b	12.0	lf		-	-	-
	section 2A	86.6	lf		-	-	-
	section 3	12.5	lf		-	-	-
	Total lf to weled 3/8" weld	111.1	lf		-	-	-
	Rods	100.0	LBS	1.38	138	-	-
40	Move items back on barge and clean up				-	-	-
	Deliver Pumps to Kentucky American Water Somewhere				-	-	-
	AQ will off load pumps onto owners truck				-	-	-
	Put in qualification statement				-	-	-
						L/E CHEC	109,163

LAB/EQ	MTL/SUB		TOTAL
$109,163	$1,972,078	=	$2,081,241

***************************HOURLY RATES PER CRAFT***************************

260	358	112	163	561	649	160	112	96	152
59.63	40.00	84.44	69.73	31.75	31.38	50.00	32.75	31.00	37.49
15503	14320	9457	11367	17,812	20362	8000	3668	2976	5698

Column Check:
1972078
109163
2081241

Labor Rates Inputted yes
Date:

Paint price at 40%	101457.6
REMOVAL COST	$23,000
AQUARIUS @ .35	$209,957
TRIANGLE	$5,000
BOWEN PUMPS	$27,059
	$366,474
Mark up @ 35.31%	$129,401.9
	$495,875.8

per mth	4575	2175
move in out	330	330
tax	275	131
fuel	2595	2595
total cost / mth	7775	5231
cost/hr	45	30
Operator	40	40
cost per hour	84	70

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 196 of 312

Witness: Michael Miller

196. Does KAWC agree that, in the case of a replacement, KAWC has control over how much of the cost of the replacement is assigned to the retirement as cost of removal, and how much is capitalized to plant-in-service? Please explain the answer fully.

Response:

No. KAWC maintains its books and records in compliance with U.S. GAAP and by the procedure for cost of removal and replacement costs provided in the response to AGDR1#197 and as described in the response to AGDR1#195.

For electronic version, refer to KAW_R_AGDR1#196_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 197 of 312

Witness: Michael A. Miller

197. Please provide all manuals, guidelines, memoranda or other documentation that deals with the Company's policies on the assignment of capital costs and net salvage with regard to the replacement of retired plant. Also, please provide a sample workorder for a replacement project, showing these cost assignments.

Response:

See the attached Company Policy on Additions and Retirements of Property, Plant and Equipment as well as the Removal and Replacement Costs and Example of Retirement Work Order.

For electronic version, refer to KAW_R_AGDR1#197_061807.pdf

American Water Accounting Policies

10/13/2003 12:04 PM

Subject: 2.01 Property, Plant, and Equipment (Additions, Retirements)
Category: 2. Assets

Owner:
Robert D
Sievers/ADMIN/CORP/AWWSC

PROPERTY, PLANT, AND EQUIPMENT

Accurate records will be maintained of the cost and accumulated depreciation of property, plant, and equipment. Control will be maintained over capital assets and their related records to ensure that all recorded assets exist and are in use for operations. Disposal of capital assets will occur only after proper authorization has been given, to preserve the accuracy of the records, and to ensure that assets are safeguarded.

Continuing property records (CPR) are to be maintained. The CPR ledgers are to be documented with a degree of detail that enables the individual continuing property items to be identified and physically located.

ADDITIONS:

All additions to property, plant, and equipment will be properly authorized. This includes the proper approval of costs that are greater than the original estimate for a task order. This approval shall be by the Vice President of Operations and the Region President. Additions to utility plant and replacements of retirement units of property are capitalized. Costs include material, direct labor and such indirect items as engineering and supervision, payroll taxes and benefits, transportation and an allowance for funds used during construction. The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property.

- A capitalized fixed asset is property such as land, buildings and equipment with a cost equal to or greater than $1,500.

- The capitalized fixed asset is expected to have a useful life greater than 1 year.

- The capitalized fixed asset must be trackable. If the asset cannot be tracked and removed from the books when it's no longer in service then it does not meet the criteria for a fixed asset.

Additionally:

- Certain equipment will last longer than 1 year and are trackable, but do not meet the cost criteria. Examples of such items include, Fax machines, PC's, and jackhammers. These items can be grouped under one task/asset for each year.

- Other equipment may be part of an asset if purchased as part of a larger unit of property. However if the item is purchased separately it is not capitalized. Items of this nature include, Modems, keyboards, and truck engines. These purchases are generally purchased to maintain the usefulness of a larger unit of equipment and therefore are not capitalized.

- Along with the item above, upgrades or renovations to existing equipment must serve to extend the life of the asset or enhance its functionality.

Charges that are not directly attributable to specific projects and orders will be allocated as follows:

- Charges related to routine investment items:
  Investment items are charged by local operations and construction departments. These charges can be allocated based on current month charges to the district's routine investment items (A-H).
  The routine allocations will zero out the deferred account monthly.

- Charges related to investment projects:
  Investment projects are generally charged by engineers. In the beginning of the year, each subsidiary will advise shared services of projects they want to charge indirectly. The subsidiary will provide estimated labor and expenses for each project so that shared services can develop a standard allocation rate by state. Charges in the deferred account will be allocated monthly based on actual current month charges. The investment project deferred account will be reviewed periodically and the allocation rate will be adjusted in order to zero out the account by year-end.

RETIREMENTS:

The cost of property units retired in the ordinary course of business plus removal cost (less salvage) is charged to accumulated depreciation.

Acceptable methods to price retirements (i.e. original cost) are as follows:

Blankets

- Meters, services, meter installations, mains including valves and hydrants including valves, use CPR records to obtain unit price based on vintage year and size.

Non-blankets/specific assets

- Use CPR records when sufficient information available
- If sufficient detail is not available, use Handy Whitman index to trend back from cost of installing item today.

American Water Accounting Policies

11/07/2005 03:04 PM

Subject: 2.30 Removal and Replacement Costs For Regulated Water Companies
Category: 2. Assets
Owner: Robert D Sievers/ADMIN/CORP/AWWSC

Removal and Replacement Costs For Regulated Water Companies

Background:
American Water Policy requires the application of a consistent accounting approach to the allocation of expenditures related to the retirement, removal and replacement of company assets. The expenditures incurred to replace an asset can relate both to the installation of a replacement asset and the removal of an existing asset. In addition, assets that are no longer needed and no longer providing useful utility service should be retired and there may be costs associated with removing the asset from service that must be properly accounted for.

Definitions:
Costs to Remove (CTR) are the expenditures incurred to remove a retired asset whether by demolishing, dismantling, abandoning, selling, or some other means. These costs include: labor (contract and company), materials (caps for abandoned mains, well, pipe, or casing sealing materials such as grout, sand, gravel, etc.), professional services, excavation, hauling, paving, demolition or dismantling, permitting and other related costs.

Purpose:
To provide guidelines for determining the proper allocation of expenditures between CTR and Replacement Cost (Investment)

Procedure:
For any project that either replaces or retires Utility Plant, expenditures must be identified as either an Investment Cost or CTR.

- Investment expenditures represent the cost of installing new Utility Plant assets and generally include items of the following nature:
  - Materials and purchases - The new asset and accessories to make the asset functional.
  - Installation - The cost of installing the new asset including all labor, equipment and contract services.
  - Permits – Required for the installation and construction of the new asset.
  - Other - AFUDC, overhead(s), engineering, inspection and project support and administration costs.
- CTR expenditures represent the cost of removing the retired asset from service and include the following:
  - Labor - The cost to fully retire the asset including costs to disconnect, dismantle, remove, demolish and dispose the old asset, or the costs including capping a main and killing services to prepare the aset for its final disposition if the old asset is abandoned in place.
  - Excavation - The cost of permits for road openings and trenching. If the

excavation was for a shared activity associated with the new asset and cost of removal, the excavation should be capitalized. If the excavation was for removal/retirement activities only, then excavation should be included in the CTR costs.

- Disposal - Cost to properly dispose of or discard the old asset including hauling, and fees. This should be offset by any salvage proceeds received.
- Paving - Unless repaving was specifically associated with a removal cost, it should be included in the cost of the new asset.
- Environmental, Health & Safety related remediation of materials handled or removed in the course of retiring the asset (examples: contaminated soils surrounding a buried asset being removed, insulation or building materials containing asbestos, etc.)
- The related CTR must be charged to a retirement task order and RWIP (Account 185xxx) while charging the remaining expenditures to the Investment (Account 105xxx). o

To ensure the CTR and replacement cost are applied consistently the following methods will be utilized:

a) Provide the CTR guidelines or unit costs to all contractors and include in bid requirements that American Water contractors identify removal and installation costs separately on invoices.
b) Allocate company labor to Investment and CTR for self performed Mass Property items (e.g., Mains, Services, Meters and Hydrants) based upon representative time-motion data from internal studies or contractor bids for similar work.
c) The Net % of Removal Cost and Salvage obtained from the Company's latest depreciation study may be used in cases where it is not practical to determine CTR. The attached table identifies the percentages by Utility Plant Account. (**Note** - Cannot use the standard rate for large projects. In the case of large projects actual CTR must be used.)
d) In unique or special circumstances local customs may prevail provided this is explained on the invoice.
e) The SSC-Fixed Asset department will monitor, via random sample in each company, the removal costs to ensure compliance for invoices providing the detail of installation versus removal, and the use of the Net % or CTR and Salvage.
f) If actual experience is +/- 5% of the rate used in the latest depreciation study, Operating Company Management will need to explain.

Examples of CTR Estimating and Accounting:

Plant (Pumps, Tanks, Treatment Unit Processes, Structures or parts thereof, Boosters, Process Piping & Valves, Electrical/I&C Equipment, Filter Media, etc)- Replacement of any of these items results in CTR that must be provided in the detail in the Contractor's bid and on invoices from the contractor.

Main Replacement-

- Existing pipe is abandoned in place - the only costs of removal are capping the main and killing services.
- Existing pipe is removed and there is no replacement - Trenching, labor to

remove, killing services, paving, permits, hauling, traffic control

- Costs are reflected on Contractors bids and invoices.
- Self-performed work is allocated between Investment and CTR.

Meters - A portion of the labor cost to replace a meter is spent removing the old meter and is treated as a removal cost. Meter salvage costs should be included as an offsetting cost.

Services and Hydrants - Labor, excavation, paving and permits are properly includable as CTR.

Kentucky-American Water Co
Example of Retirement Work Order

Work Order #	50041523
Description	RET 16" DI UK Cupp Bldg Press
Description	RET 55'-16" MAIN,1996

Description of Journal Entry	Description of Charge			Amount
Permits Debit to RWIP 185125	JE	36 12/15/04 20041216	28.49	$ 28.49
Labor Debit to RWIP 185200	T2	14224 12/05/04 Payroll Labor Dist	116.16	$ 116.16
Labor Debit to RWIP 185200	T2	14224 12/05/04 Payroll Labor Dist	116.16	$ 116.16
Labor Debit to RWIP 185200	T2	14224 12/05/04 Payroll Labor Dist	110.82	$ 110.82
Labor Debit to RWIP 185200	T2	14224 12/05/04 Payroll Labor Dist	110.82	$ 110.82
Labor Debit to RWIP 185200	T2	14224 12/05/04 Payroll Labor Dist	101.59	$ 101.59
Labor Debit to RWIP 185200	T2	14224 12/05/04 Payroll Labor Dist	96.20	$ 96.20
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Mattingly, Richard	26.18	$ 26.18
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Smith, James R.	16.96	$ 16.96
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Poindexter, David	22.31	$ 22.31
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Samuels, Robert L.	20.15	$ 20.15
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Alexander, Darrell	24.45	$ 24.45
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Pate, Dwayne E.	22.31	$ 22.31
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Mattingly, Richard	8.77	$ 8.77
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Smith, James R.	8.80	$ 8.80
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Poindexter, David	8.39	$ 8.39
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Samuels, Robert L.	8.35	$ 8.35
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Alexander, Darrell	7.70	$ 7.70
Labor Overhead Debit to RWIP 185250	T3	14225 12/05/04 Pate, Dwayne E.	8.57	$ 8.57
Transfer of Removal Costs Credit to RWIP A/C185999	F7	30182556 01/10/05 FASTR - FINANCIAL		863 $(863.18)
Record Removal Costs to Regulatory Liability A/C 256250				$ 863.18

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 198 of 312

Witness: Michael Miller/Linda Bridwell

198. Identify and explain the Company's expectations with respect to future removal requirements and markets for retired equipment and materials. Please provide the basis for these expectations.

Response:

The Company has performed no studies or analysis on this subject. There are no unusual or extraordinary retirements expected in the five year planning horizon. There is no ready market for the Company's retired equipment or materials other than the scrap market except for vehicles which are normally traded in on the new purchase. The basis for these expectations is historical experience and review of the Company's Capital Spending Plan.

For electronic version, refer to KAW_R_AGDR1#198_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 199 of 312

Witness: Linda C. Bridwell

199. Please provide the Company's construction and capital budgets for the years 2007-2011 inclusive. Please identify all retirements, replacements, new additions and cost of removal reflected in these budgets. Please provide by account where available and explain how the cost estimates are derived for these items.

Response:

Please refer to the response to Item 8 of the Commission's first set of interrogatories filed May 21, 2007.

Retirements, replacements and cost of removal are not included in the construction and capital budgets. The capital expenditures are generally not broken down by plant account outside the forecasted period, which is detailed in work paper W/P1. Cost estimates for recurring budget lines are based on historical amounts increased for inflation each year. These may be modified if there is a known change in the plan period.

Cost estimates for investment projects are developed by the project manager based on a preliminary planning estimate. In the year prior to project initiation, a Project Needs Identification is created with a more detailed estimate developed by the project manager and reviewed by the Regional Director of Engineering. Cost estimates are reviewed based on the bid documents or if at any time the scope changes. The capital budget is revised quarterly based on known changes to the project expenditures.

For electronic version, refer to KAW_R_AGDR1#199_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 200 of 312

Witness: Michael Miller/Linda Bridwell

200. Provide narrative explanations of the Company's aging and pricing procedures.

Response:

The Company objects to this question because it is vague, unclear, and contains no timeframe. Not withstanding the objection, the Company utilizes its property records and maintenance records to determine the age and condition of its water system facilities. Based on this information and additional information contained in Comprehensive Planning Studies, KAWC prioritizes its plant replacement programs to meet system needs, prevent service interruptions and improve service. The Company obtains a large percentage of its material and supplies, construction materials, chemicals and many other items through national contracts administered for the overall benefit of the American Water subsidiaries, including KAWC. The national purchasing department obtains those national contracts through a bidding process that brings to bear the purchasing power of the entire American Water system to obtain lower prices than the individual subsidiaries could obtain on a stand-alone basis to the benefit of KAWC's customers.

For electronic version, refer to KAW_R_AGDR1#200_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 201 of 312

Witness: John J. Spanos

201. Explain how the Company accounts for third party reimbursements and how they are reflected in the depreciation study.

Response:

There are no third party reimbursements within the depreciation study. Any Contributions in Aid of Construction are netted to plant in service.

For electronic version, refer to KAW_R_AGDR1#201_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 202 of 312

Witness: John J. Spanos

202. If third-party reimbursements were excluded from the net salvage studies, was the related retirement also excluded from the life studies?

Response:

There were no third-party reimbursements excluded from the net salvage study.

For electronic version, refer to KAW_R_AGDR1#202_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 203 of 312

Witness: John J. Spanos

203. If not provided in the workpapers, please provide the retirement rate analysis ranking of best-fit life/curve combinations for each account. If the service life indications resulting from the analyses are not the best-fit life/curves, please explain how they were selected.

Response:

The retirement rate analysis curve fitting routine is included in Data Request No. 145. A description of how survivor curves are determined are set forth in the Depreciation Study, pages II-23 and II-24.

For electronic version, refer to KAW_R_AGDR1#203_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 204 of 312

Witness: John J. Spanos

204. For any accounts where Mr. Spanos did not base his service life/curve selection on the results of his retirement rate analysis, explain why he did not. Also, explain in detail how those service life/curve combinations were selected

Response:

Mr. Spanos describes in the Depreciation Study, pages II-23 and II-24, the accounts where the retirement rate analysis did not provide enough information and informed judgment was utilized. Mr. Spanos' informed judgment included previous estimates of this Company, the nature of the plant and equipment and a general understanding of the estimates of similar water companies.

For electronic version, refer to KAW_R_AGDR1#204_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 205 of 312

Witness: John J. Spanos

205. Please explain, on an account-by-account basis, the rationale behind the selection of the experience band that was used for each retirement rate analysis.

Response:

The 1995-2006 experience band was used for each retirement rate analysis on all accounts because those were the years of available data.

For electronic version, refer to KAW_R_AGDR1#205_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 206 of 312

Witness: John J. Spanos

206. Provide copies of any and all actuarial and semi-actuarial studies prepared by the Company since the last depreciation study.

Response:

The actuarial analysis provided in this depreciation study is the only life analysis performed since the last case as of 1994.

For electronic version, refer to KAW_R_AGDR1#206_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 207 of 312

Witness: Linda C. Bridwell

207. Identify and explain all Company programs which might affect plant lives.

Response:

KAW has an extensive Preventive Maintenance program at its treatment plants. It uses MP2 software to create and track schedules for routine maintenance. This includes inspections of motors and fans, flushing of chemical feed lines and pumps, calibration of equipment, valve operations, testing input/output and cleaning electrical equipment and panels. Additionally, KAW has the incline car and plant hoists serviced annually. Chlorine evaporators are replaced every five years. Diesel generators and engines are serviced every five years, and relays on motor starters are tested every five years.

KAW also has a Conditions testing program. This includes infrared surveys of major power equipment performed annually, looking for hot spots that may represent potential failures. Motors, substations, power lines, panels, and booster stations are all tested. A vibration analysis is performed on the same equipment each quarter. KAW has just installed an online vibration system for the intake pumps at KRS. The vibration analysis pinpoints looseness in shafts, bearings, misalignment of shafts and broken rotor bars inside motors. Annually, the motors are tested for insulation quality. Once per year oil samples are taken from the intake motors and tested for viscosity and metal particles. Finally, ultrasound tests are performed on incoming power, bearings and major equipment. This is used to confirm infrared or vibration problems. All of the Conditions testing are utilized for early detection of problems that could lead to equipment failure if left unchecked.

For electronic version, refer to KAW_R_AGDR1#207_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

Item 208 of 312

Witness: Linda C. Bridwell

208. Provide all internal life extension studies prepared by the Company. Life extension refers to any program, maintenance or capital, designed to extend lives and/or increase capacity of its existing plant-in-service. Identify the functions to which these studies relate.

Response:

The Company has no internal life extension studies.

For electronic version, refer to KAW_R_AGDR1#208_061807.pdf