

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2007-00143**  
**ATTORNEY GENERAL'S REQUEST FOR INFORMATION**  
**Item 303 of 312**

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**Witness: Michael A. Miller**

303. Penalties and fines. List and describe any and all penalties and fines in the base and test years and the preceding three years. Indicate in which account each such item was recorded.

**Response:**

2005	\$25.00
2006	\$50.00
2007	\$217,009.60 includes a set up of \$192,700
Base period	\$216,441 includes a set up of \$192,700
Forecast	\$0

All recorded in account 575640.

For electronic version, refer to KAW\_R\_AGDR1#303\_061807.pdf

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**Witness: Michael Miller/Nick Rowe**

304. List all productivity savings expected to be realized by the Company as a result of increased employee experience.

**Response:**

The Company has not included any productivity savings as a result of increased employee experience.

For electronic version, refer to KAW\_R\_AGDR1#304\_061807.pdf

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**Witness: Sheila Miller**

305. List each facility, location and asset which is included as rental expense. For each item include a description, the annual or monthly rental rate, the account and amount included in the base and test year expense.

**Response:**

See attached.

For electronic version, refer to KAW\_R\_AGDR1#305\_061807.pdf

Kentucky American Water  
Base Year Rents  
AG 305

CORP-Admin & Gen	Explanation	August-08	September-08	October-08	November-08	December-08	January-07	February-07	March-07	April-07	May-07	June-07	July-07	Grand Total
	Interco Billing			(24.00)	(25.00)	1.00				(39.00)	(12.00)			(24.00)
	Global Financial Services - Pi			506.00										506.00
	Neopost Leasing-postage machine						706.12		433.57	246.39	220.38	213.57		1,087.14
	Pitney Bowes Credit Corp-PO/RE													446.62
<b>CORP-Admin &amp; Gen Total</b>				<b>482.00</b>	<b>(25.00)</b>	<b>167.98</b>	<b>539.14</b>		<b>433.57</b>	<b>207.39</b>	<b>208.38</b>	<b>213.57</b>		<b>2,700.45</b>
CORP-Engineering	Citicorp Vendor Finance Inc-PO	556.50	556.50	556.50	39.70	461.08	461.08	556.50	556.50	651.92	95.42	556.50		5,700.12
	GE CAPITAL	249.10		521.70	249.10	249.10	338.96		249.10	249.10	249.10			2,604.36
	Imagistics International Inc-R		2,613.33											6,227.63
	OCE IMAGISTICS INC			3,619.50		1,633.51	4,445.50			4,330.66		(27.66)		13,928.99
<b>CORP-Engineering Total</b>		<b>805.60</b>	<b>3,169.83</b>	<b>4,697.70</b>	<b>288.80</b>	<b>3,260.25</b>	<b>4,328.98</b>	<b>556.50</b>	<b>805.60</b>	<b>5,231.68</b>	<b>344.52</b>	<b>528.84</b>		<b>28,519.99</b>
LEX-Field Services	CSX Transportation Inc-REMIT		100.00					100.00	200.00			227.42		627.42
	Marsh USA Inc					300.00								300.00
	Norfolk Southern Corporation					300.00		850.00	15.00					1,165.00
	R J Corman Railroad Co-REMIT							50.00						50.00
<b>LEX-Field Services Total</b>			<b>100.00</b>			<b>600.00</b>		<b>1,000.00</b>	<b>215.00</b>			<b>227.42</b>		<b>2,142.42</b>
TRI-Admin & Gen	CSX TRANSPORTATION INC		126.73											126.73
	Pitney Bowes Purchase Power-RE						(538.11)							(538.11)
	Tri-Village Water District					20,000.00								20,000.00
<b>TRI-Admin &amp; Gen Total</b>			<b>126.73</b>			<b>20,000.00</b>	<b>(538.11)</b>							<b>19,588.62</b>
TRI-Field Services	CSX Transportation Inc-REMIT									100.00				100.00
<b>TRI-Field Services Total</b>										<b>100.00</b>				<b>100.00</b>
<b>Grand Total</b>		<b>805.60</b>	<b>3,396.56</b>	<b>5,179.70</b>	<b>771.72</b>	<b>23,520.31</b>	<b>4,330.01</b>	<b>1,556.50</b>	<b>1,454.17</b>	<b>5,539.27</b>	<b>780.32</b>	<b>742.41</b>		<b>53,051.48</b>

Kentucky American Water  
Test Year Rents  
AG 305

Business Unit	Explanation	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Grand Total
CORP-Admin & Gen	Neopost Leasing-postage machine		500			500			500			500		2,000
<b>CORP-Admin &amp; Gen Total</b>			<b>500</b>			<b>500</b>			<b>500</b>			<b>500</b>		<b>2,000</b>
CORP-Engineering	Citicorp Vendor Finance inc-PO	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	GE CAPITAL-copier	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	23,400
	Imagistics International Inc-R	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400
<b>CORP-Engineering Total</b>		<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>26,400</b>
LEX-Field Services	CSX Transportation		100	200		227						100		627
	Marsh USA Inc	300			315	315	315	315	378					1,938
	Norfolk Southern Corporation	300		850										1,150
	R J Corman Railroad C.		50					15						65
<b>LEX-Field Services Total</b>		<b>600</b>	<b>150</b>	<b>1,050</b>	<b>315</b>	<b>542</b>	<b>315</b>	<b>315</b>	<b>393</b>		<b>100</b>			<b>3,780</b>
<b>Grand Total</b>		<b>2,800.00</b>	<b>2,850.00</b>	<b>3,250.00</b>	<b>2,515.00</b>	<b>3,242.42</b>	<b>2,515.00</b>	<b>2,515.00</b>	<b>3,092.58</b>	<b>2,200.00</b>	<b>2,300.00</b>	<b>2,700.00</b>	<b>2,200.00</b>	<b>32,160.00</b>

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**Witness: Nick Rowe**

306. Please list storm damage expense for each year for the 10-year period ending with 2006.

**Response:**

Ice Storm expenditures      \$65,977.09      February 2003

There are no other significant storm damage expenditures to report.

For electronic version, refer to KAW\_R\_AGDR1#306\_061807.pdf

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**Witness: Michael A. Miller**

307. Provide, by year, all affiliated operating expenses charged to the Kentucky jurisdiction for the 10 years ending 2006 plus as forecasted for 2007 and 2008.

**Response:**

American Water Works Service Company

Information is not readily available before the year 2000.

2000	\$901,861
2001	\$1,321,183
2002	\$2,378,478
2003	\$3,024,275
2004	\$6,135,981
2005	\$5,912,684
2006	\$6,612,414
2007	\$6,987,757 (forecast)
2008	\$6,477,009 (forecast)

American Water Carbon Services

Information is not readily available before the year 2000.

2000	\$75,018
2001	\$82,324
2002	\$87,120
2003	\$94,711
2004	\$95,691
2005	\$87,459
2006	\$99,498
2007	\$102,169 (forecast)
2008	\$108,299 (forecast)

American Water Capital Corp (AWCC)

Information is not available before 2002. AWCC did not begin operation for KY until 2002.

2002	\$22,718
2003	\$235,671
2004	\$75,669
2006	\$457,448
2007	\$187,200 (forecast)
2008	\$192,816 (forecast)

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**Witness: Michael A. Miller**

308. For the base and test years, provide detailed support for all Management Fees included in the filing. Provide this in Microsoft Excel or compatible format. Include total charges incurred by each corporate department and the amount each of these departments allocated to KAWC. Also include the number of employees in each department and the method used to allocate charges for each department.

**Response:**

Please refer to the attachments. Charges are not incurred by department but by how much time a person charges a formula that allocates their costs to Kentucky. Each person is attached to a specific department. The formulas that employees charge are based upon the number of customers. For detail of the number of employees charging to Kentucky, please see response to Commission question PSC data request 2 Question 21.

For electronic version, refer to KAW\_R\_AGDR1#308\_061807.pdf

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**Witness: Michael Miller**

309. Provide a general ledger listing or similar report of all transactions that comprise the corporate charges allocated to KAWC.

**Response:**

The Company objects to this question because it is vague and does not indicate any period of time. Notwithstanding the objection please refer to the attached schedules for Aug 2006 – Jan 2007, the actual general ledger transactions of the base year in the filing. Please see the response to AGDR1#308 and PSCDR2#21d.

For electronic version of this document, refer to KAW\_R\_AGDR1#309\_061807.pdf

Kentucky American  
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Company	Doc type	Doc #	Descrptn	Period	Year	Amount	Account	Account Description
00012	JB	30627423	CP	8	6	\$ 309,342.16	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30627423	CP	8	6	(801.69)	120105.534620.16	Mmgt Fees Bsn Change-Corp
00012	JB	30627423	CP	8	6	5,040.31	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30627423	CP	8	6	15,777.05	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30627423	CP	8	6	(71.50)	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30627423	CP	8	6	147,537.98	120105.534700.16	Mmgt Fees-Region
00012	JB	30627423	CP	8	6	5,855.02	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30627423	CP	8	6	24.73	120105.534750.16	Mmgt Fees P13880-Region
00012	JE	30685248	SC AIP TRUE UP ALLOC	9	6	(11,361.58)	120105.534000.16	Contr Svc-Mgmt Oper AG
00012	JB	30678255	CP	9	6	(5.31)	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30678255	CP	9	6	461,484.20	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30678255	CP	9	6	151.65	120105.534620.16	Mmgt Fees Bsn Change-Corp
00012	JB	30678255	CP	9	6	9,279.28	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30678255	CP	9	6	-	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30678255	CP	9	6	123,210.68	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30678255	CP	9	6	(133.72)	120105.534700.16	Mmgt Fees-Region
00012	JB	30678255	CP	9	6	166,566.55	120105.534700.16	Mmgt Fees-Region
00012	JB	30678255	CP	9	6	10.67	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30678255	CP	9	6	4,312.78	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30678255	CP	9	6	149.86	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30678255	CP	9	6	11,361.58	120105.534750.16	Mmgt Fees P13880-Region
00012	JE	30685248	SC AIP TRUE UP ALLOC	10	6	290,499.68	120105.534000.16	Contr Svc-Mgmt Oper AG
00012	JB	30710867	CP	10	6	206.93	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30710867	CP	10	6	5,511.30	120105.534620.16	Mmgt Fees Bsn Change-Corp
00012	JB	30710867	CP	10	6	74,442.55	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30710867	CP	10	6	121,900.72	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30710867	CP	10	6	15.42	120105.534700.16	Mmgt Fees-Region
00012	JB	30710867	CP	10	6	3,974.56	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30710867	CP	10	6	5.26	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30734029	CP	11	6	394,940.48	120105.534600.16	Mmgt Fees P13880-Region
00012	JB	30734029	CP	11	6	5,511.30	120105.534650.16	Mmgt Fees-Corporate
00012	JB	30734029	CP	11	6	44,782.96	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30734029	CP	11	6	121,534.13	120105.534700.16	Mmgt Fees-Region
00012	JB	30734029	CP	11	6	5.05	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30734029	CP	11	6	3,985.40	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30760578	CP	12	6	1,318,979.75	120105.534600.16	Mmgt Fees-Corporate

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Company	Doc type	Doc #	Descriptn	Period	Year	Amount	Account	Account Description
00012	JE	126051	Recs SC Chgs for FAS 87 Adj	12	6	\$ (845,195.10)	120105.534600.16	Mmgt Fees-Corporate
00012	JE	30761429	AIP YE 2006 Rev. Svc Co Alloca	12	6	\$ 10,733.85	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30760578	CP	12	6	\$ 24,717.52	120105.534620.16	Mmgt Fees Bsn Change-Corp
00012	JB	30760578	CP	12	6	\$ (16,350.60)	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30760578	CP	12	6	\$ 68,848.54	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30760578	CP	12	6	\$ 1,855.65	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30760578	CP	12	6	\$ 149,313.09	120105.534700.16	Mmgt Fees-Region
00012	JB	30760578	CP	12	6	\$ 6.00	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30760578	CP	12	6	\$ 4,018.51	120105.534750.16	Mmgt Fees P13880-Region
00012	JE	30761429	AIP YE 2006 Rev. Svc Co Alloca	1	7	\$ (10,733.85)	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30791300	CP	1	7	\$ 390,369.28	120105.534600.16	Mmgt Fees-Corporate
00012	JB	30791300	CP	1	7	\$ 2,278.32	120105.534620.16	Mmgt Fees Bsn Change-Corp
00012	JB	30791300	CP	1	7	\$ 5,311.40	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30791300	CP	1	7	\$ 63,272.24	120105.534650.16	Mmgt Fees P13880-Corp
00012	JB	30791300	CP	1	7	\$ 142,561.40	120105.534700.16	Mmgt Fees-Region
00012	JB	30791300	CP	1	7	\$ (0.11)	120105.534750.16	Mmgt Fees P13880-Region
00012	JB	30791300	CP	1	7	\$ 4,037.06	120105.534750.16	Mmgt Fees P13880-Region

\$ 3,629,069.39

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**Witness: Michael Miller**

310. Provide the most recent 2006 American Water operating expense budget and 2007 and 2008 forecasts of American Water operating expense. Please identify all assumptions, workpapers, calculations and source documents relied upon and provide the development of all escalation factors.

**Response:**

AWW does not allocate or charge its expenses to any subsidiary, including KAWC. There are no expenses of AWW included in the filing.

For electronic version, refer to KAW\_R\_AGDR1#310\_061807.pdf

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**Witness: Michael Miller**

311. Please identify the total American Water interest costs and the amount billed to the KAWC during 2005, 2006 and 2007 to date and as forecasted for interest expense.

**Response:**

AWW did not bill KAWC for interest expense in 2005, 2006, nor will it do so in 2007.

For electronic version, refer to KAW\_R\_AGDR1#311\_061807.pdf

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**Witness: Michael Miller**

312. Provide the details of American Water debt outstanding for 2004, 2005, 2006 and 2007 to date by issue, including principal amount, cost (nominal and to Company), period outstanding, refinancing costs experienced (if any), call provision terms, guarantors and amounts, etc.

**Response:**

KAWC objects to this request because the information sought is not relevant to this proceeding.

For electronic version, refer to KAW\_R\_AGDR1#312\_061807.pdf