

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
COMMISSION STAFF'S
POST HEARING REQUEST
Item 1 of 1

1. Commission Staff requests that Kentucky-American Water Company provide no later than October 3, 2007, the calculations that the parties used to arrive at the composite rates set forth in Exhibit B to the "Settlement Agreement", Stipulation and Recommendation." The calculations should be in the same format as Exhibit MJM-4, Schedule 3 of Mr. Michael J. Majoros' testimony. If the regulatory liability resulting from the non-legal asset removal costs is included in the calculation of the agreed composite rates, it should be shown separately by depreciable group in the same format as Mr. Majoros used.

Response:

Attached to this response are two schedules with the first being the depreciation rates schedule provided by KAWC in its original filing as attached to the testimony of John Spanos and identified as Exhibit JJS-1 pages III-4 and III-5. The second schedule is a revision to the original depreciation schedule supplied in Mr. Spanos' testimony. From the data requests in the case it became apparent to the Company that the net negative salvage reclassified from Accumulated Depreciation under FAS 143 had not been reflected in the accumulated depreciation balance at December 31, 2006 supplied to Mr. Spanos by the Company for use in his depreciation study. The revised schedule referenced above reflects an additional \$8,566,591 of Accumulated Depreciation which represents the amount of net negative salvage reclassified on the Company's books at December 31, 2006. The correction related to the reclassification of net negative is the only change made to the original depreciation study.

Original Depreciation Study
As filed with the testimony of John J Spanos
and referenced as Exhibit JJS-1 pages III-4 & III-5

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2006

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2006 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
<u>STRUCTURES & IMPROVEMENTS</u>								
304.10	35-S2	(5)	2,568,387.51	158,923	2,537,883	78,544	3.05	32.3
304.20	65-R3	(20)	4,800,062.05	1,145,423	4,614,650	96,524	2.01	47.8
304.30	65-R3	(20)	8,962,557.44	1,648,782	9,106,288	175,941	1.96	51.8
304.40	25-S2	0	825,967.62	263,009	562,958	36,221	4.63	14.7
304.60	55-R2.5	(5)	3,991,281.60	935,729	3,255,118	83,641	2.10	38.9
304.70	45-R3	0	1,018,770.93	219,469	799,301	24,654	2.42	32.4
304.80	25-R1.5	0	1,563,838.35	156,150	1,407,689	68,419	4.38	20.6
	TOTAL ACCOUNT 304		23,730,865.50	4,527,485	22,283,887	565,944	2.36	39.4
<u>COLLECTING AND IMPOUNDING RESERVOIRS</u>								
305.00	75-R4	0	1,016,553.24	269,138	747,415	16,954	1.67	44.1
306.00	50-R2.5	0	561,429.96	185,569	375,861	14,154	2.52	26.6
309.00	65-S2.5	(10)	5,084,342.14	1,457,141	4,135,636	98,337	1.93	42.1
310.10	35-S2.5	0	572,453.97	197,115	375,339	19,491	3.40	19.3
<u>PUMPING EQUIPMENT</u>								
311.20	50-R3	(15)	9,600,980.00	2,650,982	8,390,150	247,396	2.58	33.9
311.30	50-R3	(15)	724,441.60	213,189	619,920	18,953	2.62	32.7
311.40	50-R3	(15)	61,582.39	1,489	69,332	1,424	2.31	48.7
	TOTAL ACCOUNT 311		10,387,003.99	2,865,660	9,079,402	267,773	2.58	33.9
<u>PURIFICATION SYSTEM - EQUIPMENT</u>								
320.10	55-S2	(15)	26,461,236.62	7,405,523	23,024,902	611,570	2.31	37.6
330.10	60-R4	(30)	11,813,469.44	2,110,689	13,246,820	273,730	2.32	48.4
331.00	75-S2	(20)	151,503,649.02	29,466,179	152,338,202	2,579,371	1.70	59.1
333.00	70-R3	(120)	35,325,950.03	10,998,885	66,718,204	1,171,751	3.32	56.9
<u>METERS</u>								
334.10	40-R1.5	(10)	90,862.25	7,634	92,424	2,558	2.81	36.1
334.11	40-R1.5	(10)	45,063.51	6,992	42,578	1,326	2.94	32.1
334.12	40-R1.5	(10)	1,444,409.44	335,934	1,252,917	42,804	2.96	29.3
334.13	40-R1.5	(10)	6,870,500.64	845,258	6,712,293	195,846	2.85	34.3
	TOTAL ACCOUNT 334.1		8,450,935.84	1,195,818	8,100,212	242,534	2.87	33.4
<u>METER INSTALLATIONS</u>								
334.20	40-R1.5	(10)	15,249,739.68	3,730,228	13,044,489	467,522	3.07	27.9
335.00	75-R3	(25)	10,147,784.89	1,978,654	10,706,080	179,209	1.77	59.7
339.10	5-SQ	0	3,838.00	2,758	1,080	1,080	28.14	1.0

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2006

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2006 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
<u>OFFICE FURNITURE & EQUIPMENT</u>								
340.10 FURNITURE	20-SQ	0	701,103.19	404,659	296,445	73,102	10.43	4.1
340.21 MAINFRAME	5-SQ	0	50,239.84	28,793	21,447	4,766	9.49	4.5
340.22 PERSONAL COMPUTERS	5-SQ	0	1,509,960.66	1,088,962	421,000	216,117	14.31	1.9
340.23 PERIPHERAL-OTHER	5-SQ	0	497,999.21	354,768	143,230	126,448	25.39	1.1
340.30 COMPUTER SOFTWARE	5-SQ	0	4,551,309.57	3,386,463	1,164,827	470,325	10.33	2.5
340.32 COMPUTER SOFTWARE-PERSONAL	5-SQ	0	638,669.14	638,669	0	0	-	-
340.33 COMPUTER SOFTWARE-OTHER	5-SQ	0	528,219.88	388,858	139,362	139,362	26.38	1.0
340.50 OTHER	15-SQ	0	178,703.11	101,898	76,805	17,466	9.77	4.4
TOTAL ACCOUNT 340			8,656,204.60	6,393,090	2,263,116	1,047,586	12.10	2.2
<u>TRANSPORTATION EQUIPMENT</u>								
341.10 LIGHT DUTY TRUCKS	13-S2.5	20	1,718,375.55	448,272	926,429	139,251	8.10	6.7
341.20 HEAVY DUTY TRUCKS	15-S2.5	15	783,375.60	229,926	435,943	56,191	7.17	7.8
341.30 AUTOS	10-R4	15	180,201.94	81,728	71,444	24,469	13.58	2.9
341.40 OTHER	16-L2.5	0	135,681.17	15,127	120,555	8,827	6.51	13.7
TOTAL ACCOUNT 341			2,817,635.26	775,053	1,554,371	228,738	8.12	6.8
<u>STORES EQUIPMENT</u>								
342.00 STORES EQUIPMENT	25-SQ	0	35,546.95	22,656	12,891	2,314	6.51	5.6
343.00 TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	1,421,289.04	392,901	1,028,386	91,405	6.43	11.3
344.00 LABORATORY EQUIPMENT	15-SQ	0	843,098.99	357,102	485,997	67,924	8.06	7.2
345.00 POWER OPERATED EQUIPMENT	18-L2.5	25	1,589,810.84	274,366	917,994	74,460	4.68	12.3
346.10 COMMUNICATION EQUIPMENT - NON-TELEPHONE	15-SQ	0	1,931,144.48	912,719	1,018,425	133,505	6.91	7.6
347.00 MISCELLANEOUS EQUIPMENT	20-SQ	0	1,262,276.87	259,544	1,002,732	70,817	5.61	14.2
348.00 OTHER TANGIBLE PROPERTY	20-SQ	0	138,484.58	50,116	88,369	8,306	6.00	10.6
TOTAL DEPRECIABLE PLANT			319,004,743.93	75,828,389	332,549,810	8,234,475	2.58	
<u>NONDEPRECIABLE PLANT</u>								
301.00 ORGANIZATION			31,640.33					
302.00 FRANCHISES AND CONSENTS			70,260.82					
303.20 LAND - SOURCE OF SUPPLY			355,966.67					
303.30 LAND - PUMPING			91,826.50					
303.40 LAND - WATER TREATMENT			68,163.99					
303.50 LAND - TRANSMISSION & DISTRIBUTION			4,019,854.04					
TOTAL NONDEPRECIABLE PLANT			4,637,712.35					
TOTAL PLANT			323,642,456.28	75,828,389	332,549,810	8,234,475		

* The accrual rate for new additions in Account 340.32 will be 20%

Revised Depreciation Study

KENTUCKY AMERICAN WATER COMPANY

Depreciation Rates Per KAWC's Updated Depreciation Study

DEPRECIABLE GROUP	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2006 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
STRUCTURES & IMPROVEMENTS								
304.10	SOURCE OF SUPPLY	(5)	2,568,387.51	177,030	2,519,776	77,867	3.03	32.4
304.20	POWER & PUMPING STRUCTURES	(20)	4,800,062.05	1,275,928	4,484,145	92,954	1.94	48.2
304.30	WATER TREATMENT	(20)	8,962,557.44	1,836,637	8,918,433	171,150	1.91	52.1
304.40	TRANSMISSION & DISTRIBUTION	0	825,967.62	292,975	532,992	35,881	4.34	14.9
304.60	OFFICE BUILDINGS	(5)	3,991,281.60	1,042,342	3,148,505	80,281	2.01	39.2
304.70	STORE, SHOP & GARAGE STRUCTURES	0	1,018,770.93	244,474	774,296	23,745	2.33	32.6
304.80	MISCELLANEOUS STRUCTURES	0	1,563,838.35	173,941	1,389,898	65,570	4.19	21.2
COLLECTING AND IMPOUNDING RESERVOIRS								
305.00	LAKE, RIVER AND OTHER INTAKES	0	1,016,553.24	299,803	716,750	15,210	1.50	47.1
306.00	SUPPLY MAINS	(10)	561,429.96	206,712	354,718	12,833	2.29	27.6
309.00	OTHER POWER GENERATION EQUIPMENT	0	5,094,342.14	1,623,161	3,969,616	92,782	1.82	42.8
310.10	PUMPING EQUIPMENT	0	572,453.97	219,573	352,881	18,076	3.16	19.5
PUMPING EQUIPMENT								
311.20	ELECTRIC	(15)	9,600,980.00	2,953,024	8,088,108	235,375	2.45	34.4
311.30	DIESEL	(15)	724,441.60	237,479	595,630	17,919	2.47	33.2
311.40	HYDRAULIC	(15)	61,581.87	1,444	69,375	1,420	2.31	48.9
PURIFICATION SYSTEM - EQUIPMENT								
320.10	DISTRIBUTION RESERVOIRS AND STANDPIPES	(15)	26,461,236.62	8,249,278	22,181,147	585,195	2.21	37.9
330.10	MAINS & ACCESSORIES	(30)	11,813,469.44	2,351,172	13,006,337	265,707	2.25	48.9
331.00	SERVICES	(20)	151,503,649.02	32,823,433	148,980,948	2,509,245	1.66	59.4
333.00	METERS	(120)	35,325,950.03	12,252,053	65,465,036	1,143,972	3.24	57.2
METERS								
334.10	METERS	(10)	90,962.25	8,504	91,554	2,532	2.78	36.2
334.11	BRONZE CASE	(10)	45,063.51	7,789	41,781	1,288	2.86	32.4
334.12	PLASTIC CASE	(10)	1,444,409.44	374,208	1,214,643	41,412	2.87	29.3
334.13	OTHER	(10)	6,870,500.64	941,563	6,615,988	192,725	2.81	34.3
METER INSTALLATIONS								
334.20	FIRE HYDRANTS	(10)	15,249,739.68	4,155,235	12,619,482	445,783	2.92	28.3
335.00	OTHER SOURCE OF SUPPLY PLANT	(25)	10,147,784.89	2,204,094	10,460,640	174,654	1.72	60.0
339.10	OFFICE FURNITURE & EQUIPMENT	0	3,838.00	3,072	766	766	19.96	1.0
FURNITURE								
340.10	MAINFRAME	0	701,103.19	450,764	250,340	52,430	7.48	4.8
340.21	PERSONAL COMPUTERS	0	50,239.84	32,073	18,167	4,037	8.04	4.5
340.22	PERIPHERAL-OTHER	0	1,509,960.66	1,213,034	296,928	143,742	9.52	2.1
340.23	COMPUTER SOFTWARE	0	497,989.21	395,188	102,810	87,110	17.49	1.2
340.30	COMPUTER SOFTWARE-PERSONAL	0	4,551,309.57	3,772,326	778,984	312,661	6.87	2.5
340.32	COMPUTER SOFTWARE-OTHER	0	638,669.14	638,669	0	0	.	.
340.33	COMPUTER SOFTWARE-OTHER	0	528,219.88	433,163	95,057	95,057	18.00	1.0
340.50	OTHER	0	178,703.11	113,507	65,196	12,805	7.17	5.1

Revised Depreciation Study

KENTUCKY AMERICAN WATER COMPANY

Depreciation Rates Per KAWC's Updated Depreciation Study

DEPRECIABLE GROUP	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2006 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	ACCUMULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
<u>TRANSPORTATION EQUIPMENT</u>								
341.10	13-S2.5	20	1,718,376.55	489,347	875,354	124,007	7.22	7.1
341.20	15-S2.5	15	783,375.60	256,123	409,746	50,756	6.48	8.1
341.30	10-R4	15	180,201.94	91,039	62,133	19,637	10.90	3.2
341.40	16-L2.5	0	135,681.17	16,851	118,831	8,670	6.39	13.7
<u>STORES EQUIPMENT</u>								
342.00	25-SQ	0	35,546.95	25,237	10,310	1,843	5.18	5.6
343.00	20-SQ	0	1,421,289.04	437,667	983,620	80,654	5.67	12.2
344.00	15-SQ	0	843,098.99	397,789	445,310	59,871	7.10	7.4
345.00	18-L2.5	25	1,589,810.84	305,626	886,734	70,747	4.45	12.5
346.10	15-SQ	0	1,931,144.48	1,016,711	914,433	118,241	6.12	7.7
347.00	20-SQ	0	1,262,276.87	289,116	973,160	65,955	5.23	14.8
348.00	20-SQ	0	138,484.58	55,826	82,659	7,682	5.55	10.8
Composite Depreciation Rate			319,004,743.41	84,394,980	323,983,217	7,620,247	2.39	
<u>NONDEPRECIABLE PLANT</u>								
301.00	ORGANIZATION		31,640.33					
302.00	FRANCHISES AND CONSENTS		70,260.82					
303.20	LAND - SOURCE OF SUPPLY		335,966.67					
303.30	LAND - PUMPING		91,826.50					
303.40	LAND - WATER TREATMENT		68,163.99					
303.50	LAND - TRANSMISSION & DISTRIBUTION		4,019,854.04					
TOTAL NONDEPRECIABLE PLANT			4,637,712.35					
TOTAL PLANT			323,642,455.76	84,394,980	323,983,217	7,620,247		

* The accrual rate for new additions in Account 340.32 will be 20%

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)
)
NOTICE OF ADJUSTMENT OF THE RATES OF) **CASE NO. 2007-00143**
KENTUCKY-AMERICAN WATER COMPANY)
EFFECTIVE ON AND AFTER MAY 30, 2007)

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of Kentucky-American Water Company's October 1, 2007 discovery response has been electronically transmitted to the Public Service Commission on October 1, 2007; that the Public Service Commission and other parties participating by electronic means have been notified of such electronic transmission; that, on October 2, 2007, the original and one (1) copy in paper medium will be hand-delivered to the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; and that on October 1, 2007, one (1) copy in paper medium will be served upon the following:

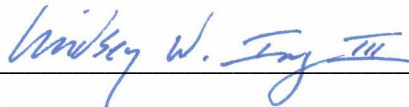
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