

Commonwealth of Kentucky
Before the Public Service Commission

In the Matter of:

ADJUSTMENT OF THE RATES OF KENTUCKY-)
AMERICAN WATER COMPANY) Case No. 2007-00143

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

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits his Supplemental Request for Information to the Kentucky-American Water Company.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL

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Notice of Electronic Filing, Filing, and Certificate of Service

Counsel certifies that, pursuant to Paragraphs 2, 4, and 6 of the Commission's 2 May 2007 Order of procedure, the submission of a true and accurate copy of this document in electronic format by uploading the document to the Commission's Web Application Portal on this 2nd day of July 2007. Counsel, pursuant to Paragraph 2 of the Commission's May 2nd Order, provides notice of the filing of the original and one photocopy this Notice by hand-delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 on 3 July 2007.

Pursuant to 807 KAR 5:001, Section 3(7) and Paragraphs 2 and 6(d) of the Commission's May 2nd Order and Paragraph 4 of the Commission's 11 May 2007 Order granting intervention, the document was served by mailing a true and correct photocopy of the same, first class postage prepaid, to the following:

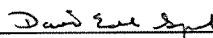
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Harrison and Nicholas Counties, Inc.).

Per Paragraph 6 of the Commission's May 2nd Order, Counsel certifies that the electronic version of this document is a true and accurate copy of the document filed in paper medium, the electronic version of the filing has been transmitted to the Commission, and the parties have been notified of the filing of the electronic transmission to the Commission. A copy of the request for information in electronic format has been transmitted to Kentucky-American Water by e-mail. Service was on this 2nd day of July 2007.


Assistant Attorney General

ATTORNEY GENERAL'S SUPPLEMENTAL
REQUEST FOR INFORMATION
TO KENTUCKY-AMERICAN WATER
KY PSC CASE NO. 2007-00143

1. RE: OAG 1 - 29. There appear to be errors on the Commercial line of the table and in the Total line of the table. Specifically: (1) the sum of the figures in the Commercial line for the AMR, Manual, and Touch Pad columns does not equal the amount shown in the Total column; (2) the total for the Touch Pad column does not equal the total of the figures shown above in that column; and (3) the sum of the figures in the Total line for the AMR, Manual, and Touch Pad columns does not equal the amount shown in the Total column. Please provide the correct figures.
2. Re: OAG 1 - 39(c). The response refers to an "attached schedule which details the billed amounts for these miscellaneous fees for the six months actual August 2006 through January 2007." It appears that the attached schedule contains information for the number of customers and not for the miscellaneous fees billed to each customer class. Please provide the proper schedule.
3. Re: LFUCG 1 - 35. The response states that applying the formulas shown in the response would result in a total fire demand of 15,000 gallons per minute (GPM) and that the Insurance Service Office requires a 10-hour duration for demands at this level. Given this, please explain why the cost of service study uses a total fire demand of only 10,000 GPM and a duration of 6 hours.
4. Follow-up to OAG 1 - 51, RE: revenues and expenses related to provision of leak detection services for other utilities.
 - a. Please provide all revenues and expenses related to the provision of leak detection services for other utilities, for both the base and forecasted test year periods.
 - b. Provide a demonstration that these items are not included in the base or forecasted test year periods.
 - c. Please demonstrate that there is sufficient slack time in the workload of the employees involved in providing leak detection services such that they do not incur overtime in the provision of their regular duties.
 - d. How are management and other overhead costs allocated to the leak detection services?

5. Follow-up to OAG 1 - 52. Please provide a schedule of the actual unaccounted-for water for the 12 months ending July 31, 2005, 2006, and 2007. Also, provide a comparison of these amounts with the target amounts included in the base and forecasted test year periods. Explain any differences in excess of 10%.
6. Follow-up to OAG 1 - 57. Please provide an Excel version (with all formulae and linkages intact) of the Rate Case Progress Report provided as an attachment to the response. Also, provide any linked files.
7. Follow-up to OAG 1 - 64 RE: ORCOM E-CIS software costs and expenses.
 - a. Please explain why the Company does not have this information readily available.
 - b. Please provide the requested information as soon as it is available.
8. Follow-up to OAG 1 - 67.
 - a. Refer to page 30 of 45. Please provide a complete explanation, including amounts, of the "one-time 2005 charge-offs" discussed on that page.
 - b. Have there been any board meetings held in 2007? If so, please provide the minutes for those meetings.
9. Follow-up to OAG 1 - 68. Please describe the financial impacts of these changes.
10. Follow-up to OAG 1 - 69. Please provide additional information about the following out-of-period adjustments, including a full explanation of the adjustment, an explanation of how the adjustment is or is not incorporated into the rate case, and the amount included in the rate case if applicable.
 - a. Adj. 3 - PricewaterhouseCoopers Summary (PwC) adj – Reduce capitalized payroll overhead;
 - b. Adj. 6 - Dec SOX accrual adj; and
 - c. Adj. 7 - Service co – phone pmts of NJAW allocated to AW companies (also explain why any phone payments of NJAW would be allocated to other AW companies)
11. Follow-up to OAG 1 - 71. Please provide an explanation of the increase to AFUDC – Equity in 2007 and 2008.

12. Follow-up to OAG 1 - 74. Please provide the referenced Excel file.
13. Follow-up to OAG 1 - 72. Please refer to page 28 of 80 of KAW_R_AGDR1#72_2006_061807. Provide an explanation for each audit adjustment shown on that page.
14. Follow-up to OAG 1 - 115 and OAG 1 - 120.
 - a. Does the consolidated group have a document or agreement as to the allocation of affiliate losses among the members of the group? If yes, provide the document. If no, explain why not.
 - b. Provide a recalculation of KAWC's 2004 to 2008 federal and state income taxes using the effective federal and state income tax rates for the consolidated group.
15. Follow up to OAG 1 - 130. Provide the information for 2005 and 2006 separately from 2007 if already available.
16. Follow up to OAG 1 - 132. Provide the information for 2004 through 2006 separately from 2007 if already available.
17. Follow up to OAG 1 - 138. Provide the requested information as soon as possible.
18. Follow up to OAG 1 - 144. Provide a full explanation of each item shown on the attachment and indicate where the 2007 amounts are found in the filing.
19. Follow-up to OAG 1 - 171. Please provide the requested information as soon as possible.
20. Follow-up to OAG 1 - 177. Why does the Company not maintain the book reserve by plant account? At what level is the book reserve maintained?
21. Follow-up to OAG 1 - 190. What were the specific circumstances that resulted in higher cost of removal relative to plant retired in 2001 to 2004?
22. Follow-up to OAG 1 - 197. Please refer to AW_R_AGDR1#197_061807, page 5 of 7.
 - a. Provide the "CTR Guidelines or unit costs" that are provided to contractors as discussed on that page.

- b. Approximately what percentage of the time is it “not practical to determine CTR” leading to the use of the net salvage percent from the depreciation study as a substitute.
 - c. For which accounts is the net salvage percent from the depreciation study generally used as a substitute for actual CTR?
23. Follow-up to OAG 1 - 221. Please provide the attachment in Excel format with all formulae intact.
24. Follow-up to OAG 1 - 224.
- a. Refer to page 2 of 16. Cite to the specific part of SFAS 143, GAAP or SEC guidance that requires net negative salvage to be reclassified from accumulated depreciation to operation and maintenance expense.
 - b. What is the difference between the net negative salvage to be reclassified into O&M expense and the net negative salvage to be reclassified into a regulatory liability?
 - c. Provide the calculation of the proposed SFAS 143 debits and credits for Kentucky as shown on page 3 of 16. Provide the calculations in Excel with all formulae intact.
 - c. Provide “Kentucky NNS by asset class.pdf” as shown on page 4 of 16.
 - d. Provide a full explanation of the treatment of net negative salvage in Pennsylvania as mentioned on page 4 of 16. Why was PA treated differently?
25. Follow-up to OAG 1 - 230.
- a. Please provide all correspondence with the Company’s external auditors approving the reclassification of removal costs to O&M expense.
 - b. Please provide a side-by-side comparison of 2006 depreciation expense accruals, accumulated depreciation, retirements, cost of removal and gross salvage for GAAP purposes and for regulatory purposes. Provide a reconciliation of any differences.
26. Follow-up to OAG 1 - 233. Please provide the accounting entries showing the reclassification, as well as all supporting calculations workpapers. Provide all calculations in Excel with all formulae intact.
27. Follow-up to OAG 1 - 234. Please provide the attachment in Excel with all formulae intact.

28. Follow-up to OAG 1 - 253. Please describe and quantify any effect FASB 158 had or will have on the Company pension plans for 2006, 2007 and 2008 as forecasted if fully reflected.
29. Follow-up to OAG 1 - 279. Please refer to KAW_R_AGDR1#275, page 13 of 14. This appears to be a draft response to OAG 1 - 279. Please reconcile the amounts shown on this version of the response with those shown on the actual response provided to OAG 1 - 279 and explain the differences.
30. Follow-up to OAG 1 - 284. The threshold referenced in the original data request was incorrect. Please list by customer and amount and by year for the period 2003 through 2007 any uncollectible accounts which have been written off and which exceeded \$10,000.
31. Follow-up to OAG 1 - 285. Please provide the response as soon as possible.
32. Follow-up to OAG 1 - 288.
 - a. What is the American Water Works Association? How much annual dues does KAW pay to this association?
 - b. Why does KAW belong to the Bluegrass Lodge – Fraternal Order of Police, and what is the annual dues paid to this organization.
 - c. Where are these dues amounts included in the filing?
33. Follow-up to OAG 1 - 289. Part (a) refers to compensation by KAW. Please respond to part (a) in full, providing amount of Company compensation and purpose for participation.
34. Follow-up to OAG 1 - 300. Please explain why the write-offs were taken, and what impact, if any, they have on the current rate case.
35. Follow-up to OAG 1 - 301. Please refer to page 16 of 72.
 - a. Why is NAWC not included in the list of organizations provided in response to OAG 1 - 288?
 - b. How much dues related to NAWC is included in the rate case, either as a direct KAWC expense or billed to KAWC through the service company?
 - c. Was any NAWC dues included in the rate case reduced by the 21% related to lobbying, as shown on page 17 of 72? If not, why not?

36. Follow-up to OAG 1 - 302. Please provide the attachments in Excel format, with all formulae intact.
37. Follow-up to OAG 1 - 303. Please provide an explanation of the amounts for 2007 and the base period, including an explanation of what a "set up" is.
38. Follow-up to OAG 1 - 307. What caused the large increase in American Water Works Service Company expenses in 2004?
39. Follow-up to OAG 1 - 308. Please provide the attachments mentioned in the response.
40. Follow-up to OAG 1 - 310. Please provide the operating expense budgets requested in the original request for American Water Works Service Company.
41. Follow-up to OAG 1 - 311. Has or will any other affiliate bill KAWC for interest expense in 2005, 2006 or 2007? If so, identify the amounts.