

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2008-00427**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

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**Witness: Michael A. Miller**

176. Provide, by year, all affiliated operating expenses charged to the Kentucky jurisdiction for the 10 years ending 2008 plus as forecasted for 2009 and 2010.

**Response:**

Refer to the response to question 173 for the forecasted management fees for AWWSC for 2009 and 2010. Refer to the response to question 110 for the forecasted carbon regeneration services for 2009 and 2010.

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	\$	7,516,223
Ytd 2008	\$	7,373,898

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	\$	97,127
2006	\$	100,000
2007	\$	110,573
Ytd 2008	\$	144,544

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
2005	\$	179,944
2006	\$	457,448
2007	\$	1,034,106
Ytd 2008	\$	732,180

For the electronic version, refer to KAW\_R\_AGDR1#176\_122308.pdf

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2008-00427  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

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**Witness: Michael A. Miller**

177. For the base and test years, provide detailed support for all Management Fees and/or AWWSC 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 see the attached Excel spreadsheet titled "AG-177 Response.xls / Attachment1 & Attachment2" which detail the base year and test year management fees, the amounts allocated to KAWC, and the number of employees at 11/30/08.

Allocation of Costs:

Each department allocates their costs in accordance with Article II of the Service Company Agreement which states: "All costs of Service Company incurred in connection with services rendered by Service Company which can be identified and related exclusively to [a] Water Company, shall be charged directly to [that] Water Company." All Costs incurred in rendering services to [a] Water Company in common with similar services to other Water Companies which cannot be identified and related exclusively to "services rendered to a particular Water Company, shall be allocated among all Water Companies so served, or, in the case of costs incurred with respect to services rendered to a particular group of Water Companies, among the members of such group, based on the number of customers served at the immediate preceding calendar year end."

In certain situations, primarily at the Corporate Office, Service Company employees provide common service to the regulated water companies and non-regulated subsidiaries. To allocate these common costs between the regulated subsidiaries and the non-regulated subsidiaries common cost drivers were used based upon the type of service provided. For instance corporate human resource service is allocated based upon the number of employees in the regulated and non-regulated business. The Service Company refers to these common cost allocations between the regulated and non-regulated business as "tier 1" allocations.

AG-177 Response.xls / Attachment 3 provides the allocation methods used by each Service Company location during the base period of February 2008 to July 2008. This schedule shows the amount of charges that were billed using each formula type as a percentage of the total charges billed for each location.

For the electronic version, refer to KAW\_R\_AGDR1#177\_122308.pdf.

Kentucky-American Water Company  
Case No. 2008-00427  
Attorney General Initial Request for Information  
Question 177 Response - Attachment #1

TOTAL SERVICE COMPANY			
Base Year - February 2008 - July 2008 (actual), August 2008 - Jan 2009 (projected)			
OFFICE	Actual 2/08 - 7/08	Projected 08/08 - 01/09	Employees at 11/30/08
Corporate	\$ 33,924,556	\$ 19,421,465	217
Shared Services	\$ 9,065,775	\$ 9,335,549	181
Call Center	\$ 25,397,621	\$ 25,920,646	726
ITS	\$ 18,903,832	\$ 17,023,431	168
Supply Chain	\$ 1,222,661	\$ 1,139,872	37
Belleville Lab	\$ 3,033,610	\$ 2,709,078	36
Benefit Services Center	\$ 567,237	\$ 743,400	5
Regional Offices	\$ 26,847,916	\$ 6,503,468	341
<b>Grand Total</b>	<b>\$ 118,953,208</b>	<b>\$ 82,796,909</b>	<b>1,711</b>

OFFICE	2009												2010					Total
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	
Corporate	\$ 4,826,548	\$ 4,698,238	\$ 4,375,167	\$ 4,617,384	\$ 4,724,897	\$ 4,677,407	\$ 4,562,657	\$ 4,562,657	\$ 4,562,657	\$ 4,562,657	\$ 4,562,657	\$ 4,562,657	\$ 4,584,486	\$ 4,171,523	\$ 4,648,803	\$ 4,755,284	\$ 4,613,634	\$ 4,613,634
Shared Services	\$ 1,862,734	\$ 1,889,177	\$ 1,481,992	\$ 1,675,335	\$ 1,646,442	\$ 1,617,512	\$ 1,741,115	\$ 1,741,115	\$ 1,741,115	\$ 1,741,115	\$ 1,741,115	\$ 1,741,115	\$ 1,576,643	\$ 1,519,310	\$ 1,711,016	\$ 1,689,196	\$ 1,512,191	\$ 1,512,191
Call Center	\$ 4,592,280	\$ 4,549,856	\$ 4,350,855	\$ 4,487,128	\$ 4,426,217	\$ 4,359,435	\$ 4,470,925	\$ 4,470,925	\$ 4,470,925	\$ 4,470,925	\$ 4,470,925	\$ 4,470,925	\$ 4,325,113	\$ 4,180,629	\$ 4,559,958	\$ 4,490,308	\$ 4,342,205	\$ 4,342,205
ITS	\$ 3,013,922	\$ 3,288,940	\$ 2,989,828	\$ 3,095,285	\$ 3,080,865	\$ 2,981,526	\$ 3,514,325	\$ 3,514,325	\$ 3,514,325	\$ 3,514,325	\$ 3,514,325	\$ 3,514,325	\$ 3,565,408	\$ 3,096,039	\$ 3,335,149	\$ 3,486,968	\$ 2,993,042	\$ 2,993,042
Supply Chain	\$ 167,535	\$ 166,315	\$ 152,913	\$ 168,304	\$ 164,605	\$ 153,401	\$ 169,620	\$ 169,620	\$ 169,620	\$ 169,620	\$ 169,620	\$ 169,620	\$ 153,413	\$ 146,016	\$ 170,168	\$ 176,069	\$ 164,196	\$ 164,196
Belleville Lab	\$ 489,757	\$ 483,048	\$ 449,757	\$ 438,310	\$ 456,984	\$ 412,008	\$ 425,442	\$ 425,442	\$ 425,442	\$ 425,442	\$ 425,442	\$ 425,442	\$ 412,571	\$ 422,575	\$ 454,745	\$ 455,692	\$ 434,347	\$ 434,347
Benefit Services Center	\$ 119,979	\$ 115,225	\$ 106,213	\$ 119,673	\$ 110,673	\$ 106,213	\$ 123,824	\$ 123,824	\$ 123,824	\$ 123,824	\$ 123,824	\$ 123,824	\$ 102,305	\$ 97,492	\$ 119,655	\$ 110,002	\$ 106,633	\$ 106,633
Regional Offices	\$ 4,463,428	\$ 4,642,790	\$ 4,237,063	\$ 4,464,623	\$ 4,388,263	\$ 4,194,505	\$ 4,525,457	\$ 4,525,457	\$ 4,525,457	\$ 4,525,457	\$ 4,525,457	\$ 4,525,457	\$ 4,336,429	\$ 4,234,285	\$ 4,742,143	\$ 4,552,578	\$ 4,277,249	\$ 4,277,249
<b>Total</b>	<b>\$ 19,336,184</b>	<b>\$ 19,633,588</b>	<b>\$ 18,143,787</b>	<b>\$ 19,066,042</b>	<b>\$ 18,998,946</b>	<b>\$ 18,502,006</b>	<b>\$ 19,533,366</b>	<b>\$ 19,533,366</b>	<b>\$ 19,533,366</b>	<b>\$ 19,533,366</b>	<b>\$ 19,533,366</b>	<b>\$ 19,533,366</b>	<b>\$ 19,056,368</b>	<b>\$ 17,867,868</b>	<b>\$ 19,741,638</b>	<b>\$ 19,716,097</b>	<b>\$ 18,443,498</b>	<b>\$ 18,443,498</b>

TOTAL SERVICE COMPANY  
Test Year - June 2009 - May 2010

Kentucky-American Water Company

Case No. 2008-00427

Attorney General Initial Request for Information

Question 177 Response - Attachment #2

KENTUCKY AMERICAN WATER COMPANY

Base Year - February 2008 - July 2008 (actual), August 2008 - Jan 2009 (projected)

OFFICE	Actual 2/08 - 7/08	Projected 08/08 - 07/09 at 11/30/08	Employees at 11/30/08
Corporate	\$ 1,101,479	\$ 763,452	217
Shared Services	\$ 274,891	\$ 293,346	181
Call Center	\$ 898,290	\$ 915,387	726
ITS	\$ 633,575	\$ 583,714	168
Supply Chain	\$ 41,917	\$ 38,811	37
Belleville Lab	\$ 102,741	\$ 96,797	36
Benefit Services Center	\$ 19,114	\$ 21,339	5
Regional Offices	\$ 1,006,177	\$ 901,257	341
<b>Grand Total</b>	<b>\$ 4,078,184</b>	<b>\$ 3,614,103</b>	<b>1,711</b>

KENTUCKY AMERICAN WATER COMPANY

Test Year - June 2009 - May 2010

OFFICE	2009												2010					Total
	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10						
Corporate	\$ 155,491	\$ 152,359	\$ 140,793	\$ 149,340	\$ 151,699	\$ 151,087	\$ 147,540	148,015	134,487	150,153	153,751	149,030	1,783,745					
Shared Services	\$ 50,368	\$ 51,075	\$ 44,413	\$ 50,764	\$ 49,762	\$ 49,089	\$ 52,900	47,683	45,947	51,734	50,957	46,475	591,167					
Call Center	\$ 158,844	\$ 157,376	\$ 150,493	\$ 155,207	\$ 153,100	\$ 150,790	\$ 154,846	149,504	144,510	157,622	155,214	151,738	1,839,044					
ITS	\$ 100,573	\$ 109,878	\$ 99,842	\$ 103,306	\$ 102,810	\$ 99,354	\$ 117,515	118,845	103,170	111,164	116,175	113,478	1,296,110					
Supply Chain	\$ 5,652	\$ 5,684	\$ 5,132	\$ 5,637	\$ 5,533	\$ 5,146	\$ 5,704	5,138	4,889	5,716	5,864	5,690	65,685					
Belleville Lab	\$ 17,399	\$ 17,161	\$ 15,978	\$ 15,571	\$ 16,235	\$ 14,637	\$ 15,114	14,648	15,003	16,145	16,179	15,683	189,753					
Benefit Services Center	\$ 4,090	\$ 3,928	\$ 3,621	\$ 4,079	\$ 3,773	\$ 3,621	\$ 4,221	3,485	3,321	4,076	3,747	3,581	45,543					
Regional Offices	\$ 157,936	\$ 169,966	\$ 150,136	\$ 164,118	\$ 155,180	\$ 148,647	\$ 164,268	149,862	153,821	176,201	159,525	154,342	1,904,002					
<b>Total</b>	<b>\$ 650,353</b>	<b>\$ 667,327</b>	<b>\$ 610,408</b>	<b>\$ 648,022</b>	<b>\$ 638,092</b>	<b>\$ 622,371</b>	<b>\$ 661,908</b>	<b>\$ 637,180</b>	<b>\$ 605,148</b>	<b>\$ 672,811</b>	<b>\$ 661,412</b>	<b>\$ 640,017</b>	<b>\$ 7,715,049</b>					

Less: SOX Costs	\$ (492)	\$ (1,187)	\$ (1,643)	\$ (1,320)	\$ (45,403)	\$ (3,489)	\$ (2,407)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (55,941)
Less: Sewer Costs	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,876)	\$ (3,877)	\$ (3,877)	\$ (3,877)	\$ (46,516)
<b>Grand Total</b>	<b>\$ 645,985</b>	<b>\$ 662,264</b>	<b>\$ 604,889</b>	<b>\$ 642,826</b>	<b>\$ 588,813</b>	<b>\$ 615,006</b>	<b>\$ 655,625</b>	<b>\$ 633,304</b>	<b>\$ 601,271</b>	<b>\$ 668,934</b>	<b>\$ 657,535</b>	<b>\$ 636,140</b>	<b>\$ 7,612,592</b>

Kentucky-American Water Company  
 Case No. 2008-00427  
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 Question 177 Response - Attachment #3

Percentage of Charges Allocated By Formula Type  
 For February 2008 to July 2008

Location	Customer Count	Direct Charge	Overhead	Tier 1		Grand Total
				(Reg/Non-Reg)		
Belleville Lab	57.71%	0.00%	42.29%	0.00%		100.00%
Call Center	63.75%	0.61%	35.62%	0.01%		100.00%
Corporate	43.54%	2.93%	31.59%	21.94%		100.00%
ITS	45.83%	5.04%	48.21%	0.93%		100.00%
Shared Services	63.24%	11.62%	22.97%	2.17%		100.00%
Southeast Region	32.85%	33.33%	33.81%	0.02%		100.00%
Supply Chain	80.51%	0.25%	19.24%	0.00%		100.00%
<b>Grand Total</b>	<b>50.90%</b>	<b>5.86%</b>	<b>35.32%</b>	<b>7.93%</b>		<b>100.00%</b>

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2008-00427**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

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**Witness: Michael A. Miller**

178. Provide a general ledger listing or similar report of all transactions that comprise the corporate charges, including those from AWWSC, allocated to KAWC.

**Response:**

Please refer to the electronic Excel file labeled as KAW\_R\_AGDR1#178\_Attachment\_122308.xls for the AWWSC expense transactions charged to KAWC from February 2008 – July 2008.

For the electronic version of this document, refer to KAW\_R\_AGDR1#178\_122308.pdf.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2008-00427  
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

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**Witness: Michael A. Miller**

179. Provide the most recent 2007 and 2008 American Water and AWWSC operating expense budgets and 2009 and 2010 operating expense forecasts. Please identify all assumptions, workpapers, calculations and source documents relied upon and provide the development of all escalation factors.

**Response:**

Please see the attached schedules. The assumptions used to develop the budget for AWWSC can be found in the attachment to the response to KAW\_R\_AGDR1#173.

For the electronic version, refer to KAW\_R\_AGDR1#179\_122308.pdf



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American Water Works Company  
Water Works Service Co  
Total Company  
Income Statement  
For the Period Ending 11/30/2008



00003 American Water Works Serv Co.

Description	November Actual	November Plan	November Variance	November Prior Year	Yr to Date November Actual	Yr to Date November Plan	Yr to Date November Variance	Yr to Date November Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	18,807,150	19,496,033	688,883-	21,994,908	229,647,970	228,047,866	1,600,104	232,539,528	248,401,950
3 Sewer									
4 Other	18,807,150	19,496,033	688,883-	21,994,908	229,647,970	228,047,866	1,600,104	232,539,528	248,401,950
5 Management	9,021,208	9,289,764	268,556-	10,233,479	104,852,440	107,420,172	2,567,732-	103,443,596	117,593,527
6 Total Revenues	1,580,250	1,847,737	267,487-	1,573,015	16,727,113	20,528,599	3,801,486-	16,748,308	22,336,867
7 OPERATIONS & MAINTENANCE EXPENSES	911,398	989,537	78,139-	913,167	10,025,377	10,884,397	859,530-	10,071,028	11,874,444
8 Labor	219,717	187,454	32,263	179,918	2,366,442	2,061,397	304,445	1,586,953	2,249,452
9 Purchased Water									
10 Fuel & Power									
11 Chemicals									
12 Waste Disposal									
13 Management Fees	672,638	767,337	94,699-	815,746	7,915,994	8,664,470	747,566-	8,673,663	9,437,182
14 Group Insurance	980,341	1,529,272	548,931-	1,229,775	14,420,454	16,935,521	2,515,067-	14,243,985	18,191,495
15 Pensions	2,585,457	2,448,151	137,306	4,842,681	37,820,258	32,493,606	5,326,652	52,706,146	35,014,725
16 Regulatory Expense	678,561	435,166	243,395	462,046	5,351,282	5,310,135	41,147	5,165,776	5,733,423
17 Insurance Other Than Group									
18 Customer accounting									
19 Rents									
20 General Office Expense									
21 Miscellaneous									
25 Other Maintenance									
Total Maintenance & Operations Expense	16,649,570	17,494,418	844,848-	20,233,635	199,501,327	204,299,407	4,798,080-	212,955,589	222,631,025
27 Depreciation	1,702,986	1,138,760	564,226	999,169	18,135,025	12,526,360	5,608,665	10,716,493	13,665,120
28 Amortization									
29 General Taxes	513,116	549,895	36,779-	537,347	8,675,598	7,826,891	848,707	7,609,549	8,397,540
30 State Income Taxes	2,635-		2,635-	36,468	15,022-	15,022-	15,022-	2,170	
31 Federal Income Taxes	14,263-	73,319	87,582-	12,955-	81,304-	806,509	887,811-	151,138-	879,828
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	18,848,774	19,256,392	407,618-	21,793,664	226,215,624	225,459,167	756,457	231,132,863	245,573,513
34 Utility Operating Income	41,624-	239,641	281,265-	201,244	3,432,346	2,588,699	843,647	1,406,665	2,828,437
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	23,917	199,608	175,691-	235,040	650,089	2,243,593	1,593,504-	3,234,719	2,443,201
40 AFUDC Equity									
42 M & J Miscellaneous Income									
43 Gain(Loss) on Disposition	426,874		426,874		861,387		861,387	1,000-	
45 Total Other Income	450,791	199,608	251,183	235,040	1,511,476	2,243,593	732,117-	3,218,202	2,443,201
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions									
49 General Taxes									
50 State Income Taxes									
51 Federal Income Taxes									
52 Total Other Deductions									
53 Total Other Income	450,791	199,608	251,183	235,040	1,508,758	2,243,593	734,835-	3,204,034	2,443,201
54 Income before Interest Charges	409,167	439,249	30,082-	436,284	4,941,104	4,832,292	108,812	4,610,699	5,271,638
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	407,382	429,329	21,947-	436,253	4,936,286	4,722,619	213,667	4,563,167	5,151,948
57 Amortization and Debt Expense									
58 Interest-Short Term Bank Debt	1,786	10,000	8,214-	29	4,818	110,000	105,182-	57,531	120,000
59 Other Interest Expense									
60 AFUDC-Debt									
61 Total Interest Charges	409,168	439,329	30,161-	436,282	4,941,104	4,832,619	108,485	4,610,698	5,271,948
62 Net Income	1-	80-	79	2	327-	327-	327	1	310-
64 Preferred Dividend Declared									
65 Net Income to Common Stock	1-	80-	79	2	327-	327-	327	1	310-

83500 American Water Works Company  
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 SC\_12\_IC American Water Works Service Co.  
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 Income Statement 12 Month Ended  
 For the Period Ending 12/31/2007

Description	12 Month Actual	12 Month Plan	Variance	12 Month Previous	Annual Forecast
1 OPERATING REVENUES					
2 Water	254,255,113	219,666,126	34,588,987	264,834,574	219,666,126
3 Sewer					
4 Other	254,255,113	219,666,126	34,588,987	264,834,574	219,666,126
5 Management	113,140,844	125,110,122	11,969,278	108,664,104	125,110,122
6 Total Revenues	18,258,060	22,451,598	4,193,538	17,555,468	22,451,598
7 OPERATIONS & MAINTENANCE EXPENSE	10,986,815	5,432,824	5,554,131	30,315,971	5,432,824
8 Purchased Water	1,694,775	2,627,443	932,668	1,611,803	2,627,443
9 Fuel & Power	314,478	49,814	264,664	809,249	49,934
10 Chemicals	9,439,926	9,245,518	194,408	9,110,196	9,245,518
11 Waste Disposal	12,494,052	20,080,562	4,594,510	17,442,161	20,088,582
12 Management Fees	52,978,952	39,087,028	17,891,924	49,727,253	39,087,028
13 Property Insurance	5,857,444	5,967,200	109,756	5,679,329	5,967,200
14 Regulatory Expense					
15 Insurance Other Than Group	232,165,356	230,060,029	2,105,327	240,916,144	230,060,029
16 Customer Accounting	12,261,921	11,682,878	579,043	10,161,970	11,682,878
17 Rental	8,316,882	8,810,747	493,865	10,164,814	8,810,747
18 State Income Taxes	3,905	3,905		115,698	
19 Federal Income Taxes	142,826	879,828	1,022,654	466,828	879,828
20 Tax Savings Acquisition Adjustment					
21 Total Operating Expenses	252,605,238	251,433,482	1,171,756	261,825,254	251,433,482
22 Utility Operating Income	1,649,875	31,767,356	33,417,231	3,009,320	31,767,356
23 OTHER INCOME & DEDUCTIONS					
24 Non-Operating Rental Income	3,500,457		3,500,457	27	
25 Dividend Income-Common	1,000		1,000		
26 Dividend Income-Preferred	62,248		62,248	253,178	
27 Interest Income					
28 AFUDC Equity					
29 M & Y Miscellaneous Income					
30 Gain/Loss on Disposition	3,437,212		3,437,212	253,151	
31 Total Other Income	3,437,212		3,437,212	253,151	
32 Miscellaneous Amortization					
33 Tax Savings Acquisition Adjustment	14,168	46	14,122	15,791	46
34 Misc Other Deductions					
35 General Taxes	14,168	46	14,122	15,791	46
36 State Income Taxes	3,423,044	46	3,423,090	268,942	46
37 Federal Income Taxes	5,072,919	31,767,402	36,840,321	2,740,378	31,767,402
38 Total Other Deductions	14,168	46	14,122	15,791	46
39 Total Other Income	3,423,044	46	3,423,090	268,942	46
40 Income Before Interest Charges	5,072,919	31,767,402	36,840,321	2,740,378	31,767,402
41 INTEREST CHARGES					
42 Interest on Long-Term Debt	5,013,949	5,116,308	102,359	3,921,420	5,116,308
43 Amortization and Debt					
44 Interest-Short Term Bank Debt	58,872	48,311	10,561	1,191,018	48,311
45 Other Interest Expense					
46 AFUDC-Debt					
47 Total Interest Charges	5,072,821	5,164,619	91,798	2,730,364	5,164,619
48 Net Income	98	36,932,021	36,932,119	10,014	36,932,021
49 Preferred Dividend Declared					
50 Net Income to Common Stock	98	36,932,021	36,932,119	10,014	36,932,021

American Water - Service Company  
2009 Plan Template  
Total Service Company  
2009 Plan Costs

Object	Description	Total SC
<b><u>LABOR &amp; LABOR RELATED</u></b>		
501200	Labor	109,945,780
501203	Internal Labor Recharge	-
501205	Expat Labor	-
501711	Incentive Plan	13,073,237
501712	Long Term Incentive Plan	3,921,521
501715	Retention/Completion	-
504100	Group Insurance	20,741,753
504105	Expat Group Insurance	-
505100	PBOP	2,886,960
506100	Pension	10,294,800
506105	Expat Pension	-
507100	401K	2,561,887
508100	EIP	-
508101	DCP Oper AG	2,157,614
685320	FUTA	103,563
685325	FICA	8,753,226
685350	SUTA	405,106
<b>TOTAL LABOR &amp; LABOR RELATED EXPENSES</b>		<b>174,845,448</b>
<b><u>EXPAT EXPENSES</u></b>		
504500	Other Welfare - House Rent	-
504500	Other Welfare - Utilities	-
504500	Other Welfare - Misc Family	-
504500	Other Welfare - Car	-
504500	Other Welfare - Other	-
685435	Other Taxes & Licenses	-
<b>TOTAL EXPAT EXPENSES</b>		<b>-</b>
<b><u>OTHER EXPENSES</u></b>		
504500	Other Welfare	820,765

American Water - Service Company  
 2009 Plan Template  
 Total Service Company  
 2009 Plan Costs

Object	Description	Total SC
504610	Employee Awards	501,980
504620	Employee Physical Exams	120,519
504660	Tuition BSd	719,989
504670	TrBSning	1,564,815
531000	Contract Services-Engineering	1,331,963
532000	Contract Services-Accounting	298,000
533000	Contract Services-Legal	1,315,154
533001	Contract Services-Litigation	-
535000	Contract Services-Other	14,770,064
535001	Contract Services-Temp Employee	682,092
535002	Contract Services-STEP Backfill	-
536000	Contract Services-Lab Testing	8,750
541000	Rents-Real Property	8,319,291
541400	Rents-Equipment	723,172
550000	Transportation	426,571
550001	Transportation-Lease Cost	627,937
550002	Transportation-Lease Fuel	290,760
550003	Transportation-Lease MBSntenance	80,398
556000	Insurance-Vehicle	15,132
557000	Insurance-General Liability	491,051
558000	Insurance-Work Comp	684,170
559000	Insurance-Other	2,346,211
575000	Miscellaneous	(70,938)
575002	Misc General Office	235,823
575030	Advertising	248,400
575100	Bank Service Charges	-
575130	Brochures & Handouts	447,558
575140	Charitable Contribution-Deductible	272,260
575220	Community Relations	151,025
575280	Dues & Memberships Deduct	661,999
575320	Electricity	1,361,389
575340	Employee Expenses	5,036,475
575342	Conferences & Registrations	692,710
575350	Meals & Travel Deduct	623,578

American Water - Service Company  
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Total Service Company  
2009 Plan Costs

Object	Description	Total SC
575351	Meals & Travel NonDeduct	623,578
575420	Forms AG	30,487
575460	Ground keeping	42,162
575480	Heat - Oil & Gas	154,410
575490	Injuries and Damages	32,400
575500	Janitorial	395,949
575620	Office Supplies	2,013,174
575625	Overnight Shipping	454,542
575640	Penalties	84
575660	Postage	417,622
575670	Relocation	593,727
575680	Research & Development	48,416
575710	Security	317,675
575715	Software & License Support	1,243,907
575740	Telephone	2,542,982
575741	Cell Phones	694,692
575742	Data Lines	1,292,218
575775	Trade Shows	209,804
575780	Trash Removal	43,726
675000	MBSntenance Misc	7,064,223
675250	MBSntenance Computer Equip	299,934
675350	MBSntenance HVAC	155,595
675450	MBSntenance Office Equip	43,032
685200	Property Taxes	371,820
685430	Other Taxes & Licenses	10,766
<b>TOTAL OTHER EXPENSES</b>		<b>64,895,987</b>
<b>EBIDTA</b>		<b>239,741,436</b>
680110	Depreciation	15,167,221
<b>TOTAL DEPRECIATION</b>		<b>15,167,221</b>

American Water - Service Company  
2009 Plan Template  
Total Service Company  
2009 Plan Costs

Object	Description	Total SC
710400	Int Income Outside	(903,490)
810301	Int Cap Lease-AW21	4,509,369
810400	Int LTD-Inside	-
830000	Interest on STD	-
840000	Other Interest	-
<b>TOTAL INTEREST</b>		<b>3,605,879</b>
690110	FIT-Current	-
690210	SIT-Current	-
690610	Deferred FIT-CY Liab	-
690640	Deferred FIT-Norm Depr	-
690650	Deferred FIT-Other Liab	-
690710	Deferred SIT-CY Liab	-
690750	Deferred SIT-Other Liab	-
<b>TOTAL TAXATION</b>		<b>-</b>
<b>TOTAL BUDGETED SPEND</b>		<b>258,514,535</b>
<b>COST ALLOCATION</b>		
<b>NON-MGMT. FEE LABOR (P12340)</b>		
%	Description	
10.00%	Service Company Capex	(7,116,499)
0.00%	Regional Capex	(8,056,543)
0.00%	Rate Cases	(852,550)
0.00%	Divestiture Support	-
0.00%	Thames Water North America (TWNA)	-
0.00%	Thames Water Holdings Inc. (TWHINC)	-
0.00%	Laurel Oak Properties	-
0.00%	Other	(487,498)
10.00%	<b>TOTAL OF NON-MGMT. FEE LABOR</b>	<b>(16,513,090)</b>

American Water - Service Company  
 2009 Plan Template  
 Total Service Company  
 2009 Plan Costs

Object	Description	Total SC
<b>NON-MGMT. FEE OTHER EXPENSES ALLOCATION (P12340)</b>		
%	<i>Description</i>	
0.00%	Service Company Capex	(832,542)
0.00%	Regional Capex	(1,080,824)
0.00%	Rate Cases	-
0.00%	Divestiture Support	-
0.00%	Thames Water North America (TWNA)	-
0.00%	Thames Water Holdings Inc. (TWHINC)	-
0.00%	Laurel Oak Properties	-
0.00%	Other	(47,952)
0.00%	<b>TOTAL OF OTHER EXPENSES</b>	<b>(1,961,318)</b>
<b>NON-MGMT. FEE OVERHEAD (P12340)</b>		
%	<i>Description</i>	
15.54%	Location Overhead Rate	(12,101,500)
<b>TOTAL OF NON-MGMT. FEE OVERHEAD</b>		<b>(12,101,500)</b>
404200	<b>TOTAL NON-MGMT. FEE</b>	<b>(30,575,908)</b>
404100	<b>TOTAL MGMT FEES TO BE DISTRIBUTED</b>	<b>227,938,627</b>
		227,938,627

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2008-00427**  
**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

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**Witness: Michael A. Miller**

180. Please identify the total American Water and AWWSC interest costs and the amount billed to the KAWC during 2006, 2007 and 2008 to date and as forecasted for interest expense.

**Response:**

<b>American Water Works Co.</b>	<u>Year</u>			Forecasted 09/10
	2006	2007	2008	
Category				Not Available
Interest on LTD	58,180,710	34,099,946	68,596,847	Not Available
Interest on Bank Debt	11,185,763	6,455,272	1,584,669	Not Available
Other Interest Exp	7,406	74	3,947	Not Available
<b>Total</b>	<b>69,373,880</b>	<b>40,555,291</b>	<b>70,185,463</b>	<b>Not Available</b>

**Note: No costs of AWW are allocated to any subsidiary including KAWC.**

<b>AWWSCo</b>	<u>Year</u>			Forecasted
	2006	2007	2008	
Category				
Interest on LTD	3,921,420	5,013,949	4,936,286	
Interest on Bank Debt	(1,191,018)	(0)		
Other Interest Exp	(38)	58,872	4,818	
<b>Total</b>	<b>2,730,364</b>	<b>5,072,820</b>	<b>4,941,104</b>	<b>4,509,369</b>

<b>Kentucky-American</b>	<u>Year</u>			Total
	2006	2007	2008	
Category				
Amt. billed to KAWC	91,194	169,432	165,033	150,820

Please note that AWW does not bill KAW for interest costs or any other costs incurred at the Parent Company level.

For the electronic version, refer to KAW\_R\_AGDR1#180\_122308.pdf.