

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

Witness: Sheila A. Miller

52. With regard to the forecasted test period Other Operating Revenues (other than AFUDC) shown on Schedule M-3, page 2, lines 19 – 23, please provide the following information:
- a. Explanation of the basis for each of the projected Other Operating Revenue categories.
 - b. Other Operating Revenues, in total and broken out by revenue category, included in the Company's 2009 and 2010 Operating Budgets. Show this information by month and for the annual totals.
 - c. Actual Other Operating Revenues booked by KAWC during each of the years 2005, 2006, 2007 and the 12-month period ended 11/30/08. Provide this information in total and by Other Operating Revenue category and account.

Response:

- a. Each category of the Other Operating Revenues was compared to the previous three year's history and base period, as well as the budgeted amounts for 2009 and 2010. The Company utilized the budget for the categories of rents from water property, collection for others, and NSF checks because the amounts were consistent over time. The Company utilized the base period amounts for the reconnection fees and application/initiation fees since that category tends to fluctuate from year to year and the budgeted amounts for 2009 and 2010 were below the activity for the base period.
- b. See attached schedules.
- c. See attached.

For electronic version, refer to KAW_R_AGDR1#52_122308.pdf.

Kentucky American Water Company
Other Revenues History
AGDR1 Q.52c

JDE Object	JDE Sub	JDE Account Desc.	Line	NARUC Account	Actual 2005	Actual 2006	Actual 2007	Base Period	12 mo ending Nov 2008	Forecast
403101	Forfeited Discounts	Oth Rev-Forfeited Discounts		B470	26	-	49	-	-	-
403102	Rents from Water Property	Oth Rev-Rents Water Property		B472	(81,953)	(114,921)	(111,988)	(92,085)	(106,573)	(94,020)
403103	Misc Service Revenues	Oth Rev-Collect for Others		B471	(872,901)	(905,296)	(976,746)	(987,227)	(1,053,674)	(1,010,412)
403104	Misc Service Revenues	Oth Rev-NSF Check Charge		B471	(19,778)	(19,431)	(21,890)	(22,775)	(25,046)	(21,588)
403105	Misc Service Revenues	Oth Rev-App/Initiate Serv Fee		B471	(555,297)	(670,076)	(600,930)	(655,553)	(619,112)	(655,548)
403106	Misc Service Revenues	Oth Rev-Usage Data Readings		B471	(118)	-	-	-	-	-
403107	Misc Service Revenues	Oth Rev-Reconnection Charges		B471	(193,891)	(210,086)	(496,098)	(508,182)	(694,998)	(508,188)
403198	Misc Service Revenues	Oth Rev-Misc Service Rev		B471	(2,710)	(288)	(5,990)	(175)	(2,020)	-
403199	Other Water Revenues	Oth Rev-Other Water Rev		B474	(9,332)	7,666	(8,078)	(3,165)	(8,345)	-
					(1,735,954)	(1,912,432)	(2,221,671)	(2,269,162)	(2,509,768)	(2,289,756)

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

Witness: Michael A. Miller

53. With regard to the OPA sales and revenue numbers for the base period shown on M-3.1, page 4, please explain the following information:
- a. Reconcile the total current annualized revenues of \$4,583,032 to the base period revenues of \$4,734,077 shown on D-1, page 1.
 - b. Explain the credit adjustments of \$33,831 and why similar credit adjustments should not be assumed for the forecasted test period.

Response:

- a. The revenue amount of \$4,583,032 is calculated using the 6 months actual billing determinants as of July 2008 plus the latest budget information for the 6 months ending January 2009, but that data in the filing did not include credit adjustment revenues of \$67,492. When the credit adjustment amount is added the total current annualized revenues is \$4,650,524. The \$4,734,077 shown on D-1, page 1 is calculated using the 6 months actual billing determinants as of July 2008 plus the budgeted information for the 6 months ending January 2007 generated over 6 months ago. As a result the difference between total current annualized revenues and base period revenues is \$83,553, and is related to the difference in timing and updates to budget information. The reconciliation of the total current annualized revenues of \$4,650,524 to the base period revenues of \$4,734,077 is shown on the attached schedule.

Note: The omission of the credit adjustment revenues does not change the revenue requirement in this filing.

- b. Credit adjustments are basically any corrections to a customer's bill. The adjustment can be either a decrease or increase to a customer's bill. The most common reasons that the Company may decide to adjust a customer's bill are misreads, over payments, estimates and hidden leaks. The numbers reflected on the Company's forecasted bill analysis are net of credit adjustments.

For the electronic version, refer to KAW_R_AGDR1#53_122308.pdf.

Kentucky American Water Company
Response to Attorney General's First Request for Information
KAW_R_AGDR1 #53
Reconciliation of Annualized Revenues to Base Revenues

	Base Period Per Company's Revised 2008/2009 <u>Budget</u>	Base Period Per Company's Original 2008/2009 <u>Budget</u>	<u>Difference</u>	<u>Current Rates</u>	<u>Revenues</u>
<u>OTHER PUBLIC AUTHORITY</u>					
Customer Charge:					
5/8" MONTHLY	852	846	6	7.95	48
3/4" MONTHLY				11.94	
1" MONTHLY	1,038	1,008	30	19.89	597
1 1/2" MONTHLY	162	156	6	39.77	239
2" MONTHLY	2,052	2,028	24	63.64	1,527
3" MONTHLY	6	6	0	119.32	0
4" MONTHLY	222	234	(12)	198.86	(2,386)
6" MONTHLY	54	54	0	397.73	0
8" MONTHLY	12	12	0	636.36	0
Block Consumption:					
Monthly Accounts:					
All Usage (CCF)	1,074,651	1,141,396	(66,745)	1.99501	(133,157)
Credit Adjustments					
Total per Bill Analysis	1,074,651	1,141,396	(66,745)		(133,132)
Difference in Usage Priced at Budgeted Rate (CCF)					<u>49,579</u>
Total Difference Between Base Period and Company's Original Budget					<u><u>(83,553)</u></u>

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

Witness: Michael A. Miller

54. With regard to the 2009 Budget Plan for OPA sales and revenues shown on W/P 2-1, page 22, provide the following information:
- a. The 2009 Budget Plan shows 8,772 total annual billed meters (including 12 meters for 3") and total associated service charge revenues of \$479,772. Why shouldn't these numbers be reflected on M-3.2, page 4 rather than the 8,760 meters and associated service charge revenues of \$478,336?
 - b. Provide the actual number of billed meters, in total and by meter size, for each month in 2007 and 2008.
 - c. Provide the actual/projected monthly base period number of billed meters and the basis for the projected monthly billed meters.
 - d. Provide the projected monthly billed meters from February 2009 through May 2010 and the basis for these projected monthly billed meters.
 - e. Provide the actual monthly and total annual thousand gallon OPA sales for the 12-month period ended 11/30/08.
 - f. Explain the methodology and calculations used by the Company to arrive at the projected 2009 and 2010 thousand gallon consumption of 1,514,700 from the most recent 3-year average thousand gallon consumption of 1,512,765.

Response:

- a. The annual billed meters and the total associated service charge revenues reflected on Schedule M-3.2 should be 8,772 and \$479,772 respectively. The 12 – 3 inch meters were inadvertently omitted from the Schedule M-3.2.

b.

Date	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Jan-07	139	0	168	26	338	1	39	9	2	722
Feb-07	136	0	170	26	341	1	36	9	2	721
Mar-07	136	0	167	26	343	1	36	9	2	720
Apr-07	136	0	167	26	338	1	36	9	2	715
May-07	135	0	167	26	344	1	36	9	2	720
Jun-07	135	0	169	26	342	1	36	9	2	720
Jul-07	135	0	169	26	339	1	36	9	2	717
Aug-07	135	0	169	27	343	1	38	9	2	724
Sep-07	135	0	171	27	347	1	37	9	2	729
Oct-07	135	0	170	27	337	1	46	9	2	727
Nov-07	135	0	173	27	342	1	39	9	2	728
Dec-07	134	0	172	27	339	3	39	9	2	725
2007										
Total	1,626	0	2,032	317	4,093	14	454	108	24	8,668

Jan-08	136	0	175	27	339	1	37	9	2	726
Feb-08	135	0	173	27	343	1	37	9	2	727
Mar-08	141	0	173	27	342	1	37	9	2	732
Apr-08	137	0	174	27	345	1	37	9	2	732
May-08	129	0	178	27	347	1	37	9	2	730
Jun-08	129	0	177	27	346	1	37	9	2	728
Jul-08	130	0	178	27	354	1	39	9	2	740
Aug-08	131	0	179	27	366	1	38	9	2	753
Sep-08	131	0	178	27	351	1	38	9	2	737
Oct-08	131	0	179	27	353	1	38	9	2	740
Nov-08	132	0	178	27	348	1	38	9	2	735
Dec-08										0
2008										
Total	1,462	0	1,942	297	3,834	11	413	99	22	8,080
Grand										
Total	3,088	0	3,974	614	7,927	25	867	207	46	16,748

C.

Month	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Feb-08 Act.	133	0	176	27	346	1	37	9	2	731
Mar-08 Act.	133	0	176	27	346	1	37	9	2	731
Apr-08 Act.	133	0	176	27	346	1	37	9	2	731
May-08 Act.	133	0	176	27	346	1	37	9	2	731
Jun-08 Act.	133	0	176	27	346	1	37	9	2	731
Jul-08 Act.	133	0	176	27	346	1	37	9	2	731
Aug-08 Pro.	133	0	176	27	346	1	37	9	2	731
Sep-08 Pro.	133	0	176	27	346	1	37	9	2	731
Oct-08 Pro.	133	0	176	27	346	1	37	9	2	731
Nov-08 Pro.	133	0	176	27	346	1	37	9	2	731
Dec-08 Pro.	133	0	176	27	346	1	37	9	2	731
Jan-09 Pro.	133	0	176	27	346	1	37	9	2	731

The Company's projections are based upon the Company's six month bill analysis for the period ended July 31, 2008 (based on the average number of meters per month by meter size). For its forecasted test-year the Company used the actual number of meters as of July 2008, however, the Company concedes that it forecasted test-year data should be adjusted to include 12 3-inch meters which will add \$1,431 to its going-level revenues.

d.

Date	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Feb-09	133	0	176	27	346	1	37	9	2	731
Mar-09	133	0	176	27	346	1	37	9	2	731
Apr-09	133	0	176	27	346	1	37	9	2	731
May-09	133	0	176	27	346	1	37	9	2	731
Jun-09	133	0	176	27	346	1	37	9	2	731
Jul-09	133	0	176	27	346	1	37	9	2	731
Aug-09	133	0	176	27	346	1	37	9	2	731
Sep-09	133	0	176	27	346	1	37	9	2	731
Oct-09	133	0	176	27	346	1	37	9	2	731
Nov-09	133	0	176	27	346	1	37	9	2	731
Dec-09	133	0	176	27	346	1	37	9	2	731
Jan-10	133	0	176	27	346	1	37	9	2	731
Feb-10	133	0	176	27	346	1	37	9	2	731
Mar-10	133	0	176	27	346	1	37	9	2	731
Apr-10	133	0	176	27	346	1	37	9	2	731
May-10	133	0	176	27	346	1	37	9	2	731

The Company's projections are based upon the Company's six month bill analysis for the period ended July 31, 2008 (based on the average number of meters per month by meter size). For its forecasted test-year the Company used the actual number of meters as of July 2008, however, the Company concedes that it forecasted test-year data should be adjusted to include 12 3-inch meters which will add \$1,431 to its going-level revenues.

e.

Month	Usage
Dec-07	104,899.12
Jan-08	86,608.25
Feb-08	112,918.00
Mar-08	108,469.25
Apr-08	107,608.90
May-08	121,321.41
Jun-08	136,481.33
Jul-08	149,625.00
Aug-08	183,124.55
Sep-08	197,223.75
Oct-08	169,714.50
Nov-08	145,237.73
Total	1,623,231.79

- f. The 2009 and 2010 thousand gallon consumption utilized by the Company in its rate filing is based upon the Company's 2009 and 2010 Operating Budget. The actual calculation utilized by the Company to arrive at its budget is as follows: historical average daily consumption multiplied by the budgeted number of customers multiplied by the number of days in each month. Using the method just described generates budget usage that is extremely close to the 3-year average OPA consumption shown on WP 2-1, page 22.

For the electronic version, refer to KAW_R_AGDR1#54_122308.pdf.

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

Witness: Michael A. Miller

55. Please provide copies of KAWC's complete 2009 and 2010 Operating Budgets.

Response:

See attached. Please also refer to the response to KAW_R_AGDR1#30.

For the electronic version, refer to KAW_R_AGDR1#55_122308.pdf.

SCHEDULE 4 KENTUCKY-AMERICAN WATER COMPANY PLAN YEAR: 2009

	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	TOTAL REVS. - (L6,168)	4,428,659	4,181,100	4,519,538	4,445,472	4,801,977	5,193,203	5,638,016	5,784,551	5,651,961	5,435,476	4,769,461	4,513,926	59,363,341
2	+													
3	- NET TAXABLE FEES, ADV. & CONT (INPUT)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(660,000)
4	+	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(375,372)
5	+	13,553	13,553	13,553	13,553	13,553	30,220	30,220	30,220	30,220	30,220	30,220	30,220	279,305
6	+	0	0	0	0	0	0	0	0	0	0	0	0	0
7	+	0	0	0	0	0	0	0	0	0	0	0	0	0
8	+	0	0	0	0	0	0	0	0	0	0	0	0	0
9	+	0	0	0	0	0	0	0	0	0	0	0	0	0
10	+	0	0	0	0	0	0	0	0	0	0	0	0	0
11	+	36,674	34,525	37,472	36,807	39,930	43,305	47,185	48,471	47,284	45,432	39,638	37,403	494,127
12	+													
13	+	15,303	15,303	25,303	25,303	25,303	25,303	25,303	24,888	24,888	24,888	24,888	24,888	281,561
14	+	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	532,704
15	+													
16	+	50,479	50,479	50,479	50,479	50,479	50,479	50,479	50,479	50,479	50,479	50,479	50,479	605,748
17	+	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	564,000
18	+													
19	TOTAL ADDITIONS	4,548,779	4,300,071	4,651,456	4,576,725	4,936,353	5,347,621	5,796,313	5,943,721	5,809,944	5,591,607	4,919,797	4,662,028	61,085,414
20	+													
21	-	2,515,446	2,339,392	2,590,346	2,609,898	2,672,668	2,816,481	2,942,057	2,817,212	2,914,093	2,787,439	2,649,586	2,699,538	32,354,158
22	-	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	532,704
23	-	298,245	294,364	297,890	299,041	297,323	298,669	300,956	296,972	302,345	298,760	298,413	302,053	3,585,032
24	-	124,481	13,183	31,754	26,416	35,852	44,513	11,662	12,055	13,860	7,069	8,797	6,803	336,445
25	-	480,826	480,826	463,078	463,078	463,078	463,078	463,078	463,078	463,078	463,078	463,078	463,078	7,765,095
26	-	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	71,751
27	-	146,103	162,709	160,697	163,686	128,628	90,492	106,594	119,600	137,025	107,463	74,725	98,344	1,496,066
28	-													
29	-	830,606	830,606	830,606	830,606	830,606	830,606	830,606	830,606	830,606	830,606	830,606	830,606	9,967,272
30	-													
31	-	0	0	0	0	0	0	0	0	0	0	0	0	705,000
32	-	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	800,000
33	-													
34	-	36,674	34,525	37,472	36,807	39,930	43,305	47,185	48,471	47,284	45,432	39,638	37,403	494,127
35	-													
36	-	0	0	0	0	0	0	0	0	0	0	0	0	0
37	-	0	0	0	0	0	0	0	0	0	0	0	0	0
38	-	24,574	24,574	24,574	24,574	24,574	24,574	24,574	24,574	24,574	24,574	24,574	24,574	294,888
39	-	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	77,520
40	-	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
41	-													
42	-													
43	TOTAL DEDUCTIONS	4,609,516	4,845,034	4,788,978	4,982,918	5,177,082	5,160,097	5,015,507	5,213,658	5,397,911	5,207,508	5,144,798	5,081,735	60,424,744
44	+													
45	=	(59,737)	(344,963)	(137,522)	(406,193)	(240,729)	187,523	780,806	730,063	412,032	384,098	(225,000)	(419,707)	660,670
46	STATE INCOME TAX													
47	TAXABLE STATE INCOME	(59,737)	(344,963)	(137,522)	(406,193)	(240,729)	187,523	780,806	730,063	412,032	384,098	(225,000)	(419,707)	660,670
48	+													
49	+	(59,737)	(404,700)	(542,222)	(948,415)	(1,189,144)	(1,001,621)	(220,815)	509,248	921,280	1,305,378	1,080,377	660,670	660,670
50	+													
51	+													
52	+													
53	+	(4,928)	(28,459)	(11,346)	(33,511)	(19,860)	15,471	64,416	60,230	33,993	31,688	(18,563)	(34,626)	54,505
54	+													
55	=	(4,928)	(28,459)	(11,346)	(33,511)	(19,860)	15,471	64,416	60,230	33,993	31,688	(18,563)	(34,626)	54,505
56	FEDERAL INCOME TAX													
57	TAXABLE STATE INCOME	(59,737)	(344,963)	(137,522)	(406,193)	(240,729)	187,523	780,806	730,063	412,032	384,098	(225,000)	(419,707)	660,670
58	+													
59	+	(4,928)	(28,459)	(11,346)	(33,511)	(19,860)	15,471	64,416	60,230	33,993	31,688	(18,563)	(34,626)	54,505
60	+	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(375,372)
61	+													
62	+	(23,528)	(285,222)	(94,895)	(341,401)	(189,588)	203,334	747,670	701,113	409,321	383,691	(175,157)	(353,800)	981,537
63	+													
64	+	(23,528)	(308,750)	(403,645)	(745,047)	(934,635)	(731,301)	16,369	717,483	1,126,803	1,510,494	1,335,337	981,537	981,537
65	+													
66	+													
67	+													
68	+													
69	+	(8,235)	(99,828)	(33,213)	(119,490)	(66,356)	71,167	261,685	245,390	143,262	134,292	(61,305)	(123,830)	343,538
70	+													
71	=	(8,235)	(99,828)	(33,213)	(119,490)	(66,356)	71,167	261,685	245,390	143,262	134,292	(61,305)	(123,830)	343,538
72	SCHEDULE 4 - TAX WORKSHEET (PAGE 2)													
73	BELOW THE LINE TAXES													
74	+	0	0	0	0	0	0	0	0	0	0	0	0	0
75	+	0	0	0	0	0	0	0	0	0	0	0	0	0
76	+	0	0	0	0	0	0	0	0	0	0	0	0	0

KENTUCKY-AMERICAN WATER COMPANY PLAN YEAR: 2000

KENTUCKY-AMERICAN WATER COMPANY
PLAN YEAR: 2010

SCHEDULE 4

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1 TOTAL REVS - (L6,168)	4,451,291	4,203,454	4,542,684	4,471,240	4,928,433	5,220,707	5,666,113	5,813,744	5,680,354	5,463,312	4,795,571	4,538,907	59,675,809
2 + NET TAXABLE FEES, ADV., & CONT (INPUT)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(680,000)
3 + TAX DEPRE ADJUSTMENT (L5,167-2)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(374,940)
4 + REG EXP - (L16,168)	30,220	30,220	30,220	30,220	30,220	30,220	30,220	30,220	30,220	30,220	30,220	34,187	366,607
5 + INT INCOME - (L39,168)	0	0	0	0	0	0	0	0	0	0	0	0	0
6 + TAX AFUDC (AFUDC-TAX WORKSHEET)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 + M&J INCOME - (L42,168)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 + TAXABLE MEALS (INPUT)	0	0	0	0	0	0	0	0	0	0	0	0	0
9 + UNCOLLECTIBLE (L20,169)	36,870	34,719	37,673	37,031	40,160	43,544	47,423	48,725	47,531	45,674	39,865	37,621	496,845
10 + OTH AMTZ (3C,Lines 5,16,18,21,27)	26,787	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	312,116
11 + AMORTIZATION (L28,168)	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	532,704
12 + CLUB DUES	47,231	47,231	47,231	47,231	47,231	47,231	47,231	47,231	47,231	47,231	47,231	47,231	566,772
13 + PENSIONS - (L15,168)	47,616	47,616	47,616	47,616	47,616	47,616	47,616	47,616	47,616	47,616	47,616	47,616	571,392
14 + TOTAL ADDITIONS	4,598,162	4,347,326	4,693,510	4,617,424	4,977,746	5,373,404	5,822,695	5,971,622	5,837,039	5,618,139	4,944,589	4,683,648	61,487,305
15 - OPER & MAINT EXP (L22,168)	2,650,501	2,482,018	2,747,796	2,741,771	2,806,644	2,939,635	3,076,120	3,014,038	3,106,086	2,966,543	2,861,951	2,903,640	34,296,744
16 - AMORTIZATION (L28,168)	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	44,392	532,704
17 - GEN TAXES (L29,168)	317,945	313,663	317,553	318,907	317,011	318,497	321,634	317,237	323,035	319,211	318,828	322,843	3,826,364
18 - MISC DED (L48,168)	124,631	13,333	32,129	26,566	36,002	44,663	11,812	12,205	14,010	7,219	8,947	6,953	338,470
19 - INT LTD (L56,168)	829,061	829,061	811,314	811,314	896,899	896,899	896,899	896,899	896,899	896,899	896,899	896,899	10,712,689
20 - DEBT AMORT (L57,168)	13,751	13,751	13,751	13,751	15,501	15,501	15,501	15,501	15,501	15,501	17,251	17,251	184,262
21 - INT STD (L58,168)	129,056	144,318	142,143	148,453	150,160	144,162	160,228	175,424	188,758	169,796	146,984	157,035	1,856,535
22 - INT OTHER (L59,168)	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	1,095,580	13,146,960
23 - TAX DEPREC (L29,167-1) (Overwrote Formula)	0	0	0	0	0	0	0	0	0	0	0	0	0
24 - VEB	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - PENSION PAYMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
26 - CUR RATE EXP (L30,167-1)	0	0	0	0	0	0	0	0	0	0	0	0	0
27 - ACTUAL CHARGE-OFFS (L8,SC1)	36,870	34,719	37,673	37,031	40,160	43,544	47,423	48,725	47,531	45,674	39,865	37,621	496,845
28 - REFER TO DEFERRED MAINT.XLS	0	0	0	0	0	0	0	0	0	0	0	0	0
29 - PENSION Payments	0	314,650	24,574	24,574	314,650	24,574	24,574	24,574	24,574	24,574	314,650	24,574	1,258,600
30 - PROPERTY ABANDONMENTS (INPUT) - SBP	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	6,460	77,520
31 - COST OF REMOVALS (INPUT) - SBP	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
32 - TAXABLE EXT. DEPOSIT REFUNDS - SBP	0	0	0	0	0	0	0	0	0	0	0	0	0
33 - TOTAL DEDUCTIONS	5,285,321	5,329,019	5,493,865	5,667,859	5,760,533	5,847,968	5,796,129	6,061,186	6,244,887	5,982,685	5,957,467	5,789,912	69,216,830
34 - TAXABLE INCOME BEFORE ADJUSTMENTS	(827,159)	(881,693)	(804,355)	(1,050,435)	(782,787)	(474,563)	(26,566)	(89,563)	(407,848)	(364,546)	(1,012,878)	(1,100,264)	(7,729,525)
35 - STATE INCOME TAX	0	0	0	0	0	0	0	0	0	0	0	0	0
36 - TAXABLE STATE INCOME	(827,159)	(881,693)	(804,355)	(1,050,435)	(782,787)	(474,563)	(26,566)	(89,563)	(407,848)	(364,546)	(1,012,878)	(1,100,264)	(7,729,525)
37 - SIT RATE	0	0	0	0	0	0	0	0	0	0	0	0	0
38 - Y-T-D	0	0	0	0	0	0	0	0	0	0	0	0	0
39 - 8.25%	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - STATE INCOME TAX - CURRENT	(687,159)	(881,693)	(804,355)	(1,050,435)	(782,787)	(474,563)	(26,566)	(89,563)	(407,848)	(364,546)	(1,012,878)	(1,100,264)	(7,729,525)
41 - ADJUSTMENT	(687,159)	(1,668,852)	(2,473,207)	(3,523,642)	(4,306,429)	(4,780,992)	(4,754,425)	(4,843,989)	(5,251,837)	(5,616,393)	(6,629,261)	(7,729,525)	(7,729,525)
42 - CURRENT MO. SIT (L50-168, L42-169)	(56,691)	(80,990)	(66,359)	(66,661)	(64,580)	(39,151)	2,192	(7,389)	(33,648)	(30,075)	(83,562)	(90,772)	(637,686)
43 - FEDERAL INCOME TAX	0	0	0	0	0	0	0	0	0	0	0	0	0
44 - TAXABLE STATE INCOME	(687,159)	(881,693)	(804,355)	(1,050,435)	(782,787)	(474,563)	(26,566)	(89,563)	(407,848)	(364,546)	(1,012,878)	(1,100,264)	(7,729,525)
45 - CUR. MO. STATE TAX (L58,SC4)	(56,691)	(80,990)	(66,359)	(66,661)	(64,580)	(39,151)	2,192	(7,389)	(33,648)	(30,075)	(83,562)	(90,772)	(637,686)
46 - TAX DEPREC. ADJUSTMENT (L4,SC4)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(31,245)	(374,940)
47 - NET TAXABLE FEES	(599,224)	(869,458)	(706,750)	(932,529)	(686,962)	(404,167)	55,620	(50,929)	(342,956)	(303,226)	(898,070)	(978,248)	(6,716,900)
48 - TAXABLE FED. INC. MONTH	(599,224)	(1,468,682)	(2,175,432)	(3,107,961)	(3,794,923)	(4,199,090)	(4,143,470)	(4,194,400)	(4,537,356)	(4,840,592)	(5,738,652)	(6,716,900)	(6,716,900)
49 - YTD FIT TAXABLE INCOME	(599,224)	(1,468,682)	(2,175,432)	(3,107,961)	(3,794,923)	(4,199,090)	(4,143,470)	(4,194,400)	(4,537,356)	(4,840,592)	(5,738,652)	(6,716,900)	(6,716,900)
50 - FIT RATE	0	0	0	0	0	0	0	0	0	0	0	0	0
51 - 35.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
52 - FEDERAL INCOME TAX	(209,728)	(304,310)	(247,363)	(326,385)	(240,437)	(141,458)	19,467	(17,825)	(120,035)	(106,129)	(314,325)	(342,387)	(2,350,915)
53 - ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
54 - CURRENT FIT (L51-168, L49-169)	(209,728)	(304,310)	(247,363)	(326,385)	(240,437)	(141,458)	19,467	(17,825)	(120,035)	(106,129)	(314,325)	(342,387)	(2,350,915)

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

Witness: Michael A. Miller

56. With regard to OWU sales and revenues, please provide the following reconciliations:
- a. Reconcile the projected OWU revenues for 2009 and 2010 of \$1,223,890 as shown on I-2, page 1, to the corresponding OWU revenues for 2009 and 2010 of \$1,364,825 shown on M-3.2, page 5.
 - b. Reconcile the base period OWU revenues of \$1,376,944 shown on I-2 and M-3.1, page 5 to the base period OWU revenues of \$1,349,598 shown on D-1, page 1 and D-2.1, page 1.
 - c. Compare and reconcile the 11 customers shown for 2009 and 2010 to the 10 customers shown for the forecasted test period on I-4.

Response:

- a. See the attached schedule. The \$1,364,825 is based on the actual billing determinants for the actual 12 months ended July 2008, which is the OWU revenue used by the Company in determining going-level revenue for OWU customers in its filing. The \$1,223,890 is the budget number based on billing determinates for the 12 months ending May 2010. In preparing the rate case the Company's rate department could not substantiate the reasons for the lower going-level revenue in the June 2009-May 2010 budget, and used the actual 12 month data ending July 2008 because they believed those billing determinants were known and measurable and produced the most conservative result.
- b. The revenue amount of \$1,376,944 represented the result of the 6 months actual data for July 2008 and the latest budgeted data for the 6 months ended January 2009, the base period in this case. However, the Company did not include credit adjustment revenues of (\$335). When the credit adjustments are deducted the amount for base period OWU revenues are \$1,376,609. The revenue amount of \$1,349,598 represented the result of the 6 months actual data for July 2008 and the budgeted data for the 6 months ended January data that was prepared over 8 months ago. As a result the difference between base period OWU revenues shown on I-2 and M-3.1, page 5 and base period OWU revenues shown on D-1, page 1 and D-2.1, page 1 of \$27,011 are the result of updated budget data. The differences in the original and update budget data were a primary reason the Company determined the best OWU basis for the forecasted test-year was the 12 month actual data as of July 2008. The reconciliation of the

base period OWU revenues of \$1,376,609 shown on I-2 and M-3.1, page 5 to the base period OWU revenues of \$1,349,598 shown on D-1, page 1 and D-2.1, page 1 is attached.

- c. The forecasted test-year OWU revenues of \$1,364,825 were determined incorrectly based on 10 OWU customer bills. In calculating the sale for resale revenues, one account for the City of Nicholasville was inadvertently omitted. The Company concedes that the going-level OWU revenues for that customer in the forecasted test year total \$24,144 and should be added to the \$1,364,825 used by the Company in its filing. See the calculation on the attached schedule.

For the electronic version, refer to KAW_R_AGDR1#56_122308.pdf.

Kentucky-American Water Company
OWLU customers
AGDR1 # 56a

Per filing	Customer Name	Account Number	2008 January	2008 February	2008 March	2008 April	2008 May	2008 June	2008 July	2008 August	2007 September	2007 October	2007 November	2007 December	Total
	Georgetown Municipal	977162	0	0	0	0	0	0	0	0	1	913	1,034	301	2,249
	City of Nicholasville	97760	3,900	3,542	3,025	2,142	2,410	2,545	3,066	1,814	0	7,097	2,695	2,933	35,169
	City of N Middletown	100092	7,263	8,814	7,659	7,704	7,017	8,382	9,852	10,330	13,679	10,758	11,507	7,686	110,651
	Jessamine S Elkhorn Water - Harrodsburg Rd	100254	37	120	170	204	97	189	226	250	704	218	114	54	2,383
	City of Midway	100325	6,032	6,054	5,594	5,542	5,829	7,136	5,886	6,720	8,423	8,423	8,423	9,250	83,312
	City of Versailles	100341	0	4	0	0	0	0	0	0	395	0	0	0	399
	Jessamine S Elkhorn Dist - Clays Mill Rd	283259	19,760	24,287	24,190	23,305	24,080	28,140	38,013	35,908	57,913	42,100	38,227	21,512	377,435
	East Clark Water	408404	15	13	11	16	87	3	3	28	26	17	15	12	258
	Harrison County	278430	3,694	3,696	3,750	2,994	3,234	3,798	3,684	3,944	4,954	3,071	4,082	2,429	43,530
	City of Nicholasville	385406	0	0	0	0	0	0	0	519	562	330	100	1	1,512
			40,901	46,530	44,399	41,907	42,682	50,277	60,730	59,513	86,657	72,927	66,197	44,178	656,698
	convert to 1,000 gallons		30,676	34,898	33,299	31,430	32,012	37,708	45,548	44,635	64,993	54,695	49,648	33,134	
	tariff per CCF		2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,68381	2,01286
	volumetric revenues		82,328	93,668	89,369	84,353	85,913	101,200	122,241	119,791	174,428	146,792	133,245	88,924	1,322,242
	1.5"		39,77	39,77	39,77	39,77	39,77	39,77	39,77	39,77	39,77	39,77	39,77	39,77	39,77
	2"		63,64	63,64	63,64	63,64	63,64	63,64	63,64	63,64	63,64	63,64	63,64	63,64	63,64
	4"		198,86	198,86	198,86	198,86	198,86	198,86	198,86	198,86	198,86	198,86	198,86	198,86	198,86
	6"		397,73	397,73	397,73	397,73	397,73	397,73	397,73	397,73	397,73	397,73	397,73	397,73	397,73
	number of meters: 1.5"		3	3	3	3	3	3	3	3	3	3	3	3	36
	2"		7	7	7	7	7	7	7	7	7	7	7	7	84
	4"		7	7	7	7	7	7	7	7	7	7	7	7	84
	6"		4	4	4	4	4	4	4	4	4	4	4	4	48
	Total Fixed f		3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	42,573
	Total revenues per filing		85,876	97,206	92,917	87,901	89,461	104,748	125,789	123,339	177,976	150,339	136,793	92,472	1,364,815

Kentucky American Water Company
Response to Attorney General's First Request for Information
KAW_R_AGDR1 #56
Reconciliation of Annualized Revenues to Base Revenues

	Per Company's 2008 Rate <u>Filing</u>	Per Company's Original 2008 <u>Budget</u>	<u>Difference</u>	<u>Current Rates</u>	<u>Revenues</u>
<u>OTHER WATER UTILITY</u>					
Customer Charge:					
5/8" MONTHLY			0	7.95	0
3/4" MONTHLY				11.94	
1" MONTHLY			0	19.89	0
1 1/2" MONTHLY	36	36	0	39.77	0
2" MONTHLY	84	84	0	63.64	0
3" MONTHLY			0	119.32	0
4" MONTHLY	84	84	0	198.86	0
6" MONTHLY	24	24	0	397.73	0
8" MONTHLY			0	636.36	0
<hr/>					
Block Consumption:					
Monthly Accounts:					
All Usage (CCF)	662,923	649,204	13,719	2.0129	27,615
Credit Adjustments					
<hr/>					
Total per Bill Analysis	662,923	649,204	13,719		27,615
Difference in Usage Priced at Budgeted Rate (CCF)					<u>(604)</u>
Total Difference Between Base Period and Company's Original Budget					<u><u>27,011</u></u>

OWU customers
AGDR1 Q.56 C.

acct 495378 CCF
convert to 1000 gallons
City of Nicholasville - not included in case:

729	803	741	734	1427	1005	1315	1031	1228	1215	932	835	11995
547	602	556	551	1070	754	986	773	921	911	699	626	8996
2,683.81	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68
1,468.04	1,615.65	1,492.20	1,478.78	2,871.68	2,023.59	2,646.24	2,074.59	2,471.79	2,444.95	1,875.98	1,680.07	24,143.55

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

Witness: Michael A. Miller

57. With regard to the 2009 Budget Plan for OWU sales and revenues shown on W/P 2-1, pages 23 and 24, provide the following information:
- a. Provide the actual number of billed meters, in total and by meter size, for each month in 2007 and 2008.
 - b. Provide the actual/projected monthly base period number of billed meters and the basis for the projected monthly billed meters.
 - c. Provide the projected monthly billed meters from February 2009 through May 2010 and the basis for these projected monthly billed meters.
 - d. Provide the actual monthly and total annual thousand gallon OWU sales for the 12-month period ended 11/30/08.
 - e. Explain the methodology and calculations used by the Company to arrive at the projected 2009 and 2010 thousand gallon consumption of 492,676 from the most recent 3-year average thousand gallon consumption of 485,561.

Response:

a.

Date	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Jan-07	0	0	0	3	7	0	7	4	0	21
Feb-07	0	0	0	3	7	0	7	4	0	21
Mar-07	0	0	0	3	7	0	7	4	0	21
Apr-07	0	0	0	3	7	0	7	4	0	21
May-07	0	0	0	3	7	0	7	4	0	21
Jun-07	0	0	0	3	7	0	7	4	0	21
Jul-07	0	0	0	3	7	0	7	4	0	21
Aug-07	0	0	0	3	7	0	7	4	0	21
Sep-07	0	0	0	3	7	0	7	4	0	21
Oct-07	0	0	0	3	7	0	7	4	0	21
Nov-07	0	0	0	3	6	0	6	4	0	19
Dec-07	0	0	0	3	7	0	7	4	0	21
2007 Total	0	0	0	36	83	0	83	48	0	250

Date	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Jan-08	0	0	0	3	7	0	7	4	0	21
Feb-08	0	0	0	3	7	0	7	4	0	21
Mar-08	0	0	0	3	7	0	7	4	0	21
Apr-08	0	0	0	3	7	0	7	4	0	21
May-08	0	0	0	3	7	0	7	4	0	21
Jun-08	0	0	0	3	7	0	7	4	0	21
Jul-08	0	0	0	3	7	0	7	4	0	21
Aug-08	0	0	0	3	7	0	7	4	0	21
Sep-08	0	0	0	3	7	0	7	4	0	21
Oct-08	0	0	0	3	7	0	7	4	0	21
Nov-08	0	0	0	3	7	0	7	4	0	21
Dec-08	0	0	0	0	0	0	0	0	0	0
2008 Total	0	0	0	36	77	0	77	47	0	237
Grand Total	0	0	0	72	160	0	160	95	0	487

b.

Month	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Feb-08 Act.	0	0	0	3	7	0	7	4	0	21
Mar-08 Act.	0	0	0	3	7	0	7	4	0	21
Apr-08 Act.	0	0	0	3	7	0	7	4	0	21
May-08 Act.	0	0	0	3	7	0	7	4	0	21
Jun-08 Act.	0	0	0	3	7	0	7	4	0	21
Jul-08 Act.	0	0	0	3	7	0	7	4	0	21
Aug-08 Pro.	0	0	0	3	7	0	7	4	0	21
Sep-08 Pro.	0	0	0	3	7	0	7	4	0	21
Oct-08 Pro.	0	0	0	3	7	0	7	4	0	21
Nov-08 Pro.	0	0	0	3	7	0	7	4	0	21
Dec-08 Pro.	0	0	0	3	7	0	7	4	0	21
Jan-09 Pro.	0	0	0	3	7	0	7	4	0	21

The Company's projections are based upon the Company's six month bill analysis for the period ended July 31, 2008 (based on the actual number of meters per month by meter size). The forecasted test-year meters were based on the actual meters as of July 2008.

c.

Date	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Feb-09	0	0	0	3	7	0	7	4	0	21
Mar-09	0	0	0	3	7	0	7	4	0	21
Apr-09	0	0	0	3	7	0	7	4	0	21
May-09	0	0	0	3	7	0	7	4	0	21
Jun-09	0	0	0	3	7	0	7	4	0	21
Jul-09	0	0	0	3	7	0	7	4	0	21
Aug-09	0	0	0	3	7	0	7	4	0	21
Sep-09	0	0	0	3	7	0	7	4	0	21
Oct-09	0	0	0	3	7	0	7	4	0	21
Nov-09	0	0	0	3	7	0	7	4	0	21
Dec-09	0	0	0	3	7	0	7	4	0	21
Jan-10	0	0	0	3	7	0	7	4	0	21
Feb-10	0	0	0	3	7	0	7	4	0	21
Mar-10	0	0	0	3	7	0	7	4	0	21
Apr-10	0	0	0	3	7	0	7	4	0	21
May-10	0	0	0	3	7	0	7	4	0	21

The Company's projections are based upon the Company's six month bill analysis for the period ended July 31, 2008 (based on the average number of meters per month by meter size). The forecasted test-year meters were based on the actual meters as of July 2008.

d.

Month	Usage 1,000G
Dec-07	46,565
Jan-08	31,223
Feb-08	35,500
Mar-08	33,855
Apr-08	31,981
May-08	33,082
Jun-08	38,462
Jul-08	46,534
Aug-08	55,513
Sep-08	59,288
Oct-08	57,987
Nov-08	62,911
Total	532,899

- e. The Company used historical average sales per day in arriving at its 2009/2010 budgeted sales levels. The Company's projected sales level for the years forecasted test-year sales level of 492,676 thousand gallon consumption are the actual sales units for the OWU class for the 12 month period ended July 31, 2008. The result used in the forecasted test-year are very close to the 3-year average OWU sales units shown on WP 2-1, page 23.

For the electronic version, refer to KAW_R_AGDR1#57_122308.pdf.

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

Witness: Michael A. Miller

58. Please reconcile the base period private fire revenues of \$1,235,816 on M-3.1, page 7 and the base period public fire revenues of \$2,291,484 on M-3.1, page 8 to the corresponding base period private fire and public fire revenues of \$1,300,207 and \$2,331,769, respectively, on D-1, page 1 and D-2.1, page 1.

Response:

The base period private fire revenue amount on M-3.1, page 7 of \$1,235,816 was calculated using the 6 month actual data as of July 2008 plus the latest budget information for the 6 months ended January 2009 and did not include credit adjustment revenues of \$6,147. When the credit adjustment amount is added the total current annualized revenues are \$1,241,963. The private fire revenue of \$1,300,207 was calculated using the 6 month actual data as of July 2008 plus the budgeted information for the 6 months ended January 2009 developed over 8 months ago. As a result the difference between base period private fire revenue amount on M-3.1, page 7 and the corresponding base period private fire revenues on D-1, page 1 is \$58,244. The reconciliation of the base period private fire revenue amount on M-3.1, page 7 of \$1,241,963 to the corresponding base period private fire revenues on D-1, page 1 of \$1,300,207 is attached.

The base period public fire revenues of \$2,291,484 on M-3.1, page 8 was calculated using the 6 month actual data as of July 2008 plus the latest budget information for the 6 months ended January 2009 and did not include credit adjustment revenues of \$1,045. When the credit adjustment amount is added the total current annualized revenues are \$2,292,529. The public fire revenue of \$2,331,769 was calculated using the 6 month actual data as of July 2008 plus the budgeted information for the 6 months ended January 2009 developed over 8 months ago. As a result the difference between the base period public fire revenues amount on M-3.1, page 8 and the corresponding base period public fire revenues on D-2.1, page 1 is (\$39,240). The reconciliation of the base period private fire revenue amount on M-3.1, page 8 of \$2,292,529 to the corresponding public fire revenues on D-2.1, page 1 of \$2,331,769 is attached.

For the electronic version, refer to KAW_R_AGDR1#58_122308.pdf.

Kentucky American Water Company
Response to Attorney General's First Request for Information
KAW_R_AGDR1 #58

	Base Period Per Company's Revised 2008/2009 <u>Budget</u>	Base Period Per Company's Original 2008/2009 <u>Budget</u>	<u>Difference</u>	<u>Current Rates</u>	<u>Revenues</u>
<u>Private Fire Service:</u>					
Private Fire Charges:					
2" Connections	43	51	(8)	60.24	(482)
4" Connections	333	334	(1)	241.20	(241)
6" Connections	800	810	(10)	542.04	(5,420)
8" Connections	265	264	1	963.36	963
10" Connections	7	7	0	1,505.40	0
12" Connections	6	5	1	2,168.16	2,168
14" Connections	1	0	1	2,951.40	2,951
16" Connections	1	1	0	3,853.92	0
Private Fire Hydrants	800	907	(107)	542.04	(57,998)
	<u>2,256</u>	<u>2,379</u>	<u>(123)</u>		<u>(58,059)</u>
 Public Fire Service:					
Public Fire Charges:					
Public Fire Hydrants	7,036	7,157	(121)	325.68	(39,407)
Total Public Fire Service	<u>7,036</u>	<u>7,157</u>	<u>(121)</u>		<u>(39,407)</u>

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

Witness: Michael A. Miller

59. With regard to Private Fire, please provide the following information:
- a. Actual monthly and average annual Private Fire connections (by connection size) and hydrants for each year from 2003 through 2007 and for the 12-month period ended 11/30/08.
 - b. Actual/projected monthly base period connections and hydrants and the basis for the projected monthly connections and hydrants.
 - c. Projected monthly connections and hydrants from February 2009 through May 2010 and the basis for these projected monthly connections and hydrants (the 13-month average projected monthly connections and hydrants for the months May 2009 through May 2010 should reconcile to the numbers shown for the forecasted period on M-3.2, page 7).

Response:

- a. Due to a change in customer service software the data prior to 2004 is unavailable. See attached.
- b. See attached.
Future projections are based on historical increases.
- c. See attached. The 13 month average indicated on the schedule is 2,285. Schedule M-3.2, page 7 shows 2,303 connections, which is the forecasted number for May 2010. The Company has overstated its going-level revenues for this error by \$11,054.
Future projections are based on historical increases.

For the electronic version, refer to KAW_R_AGDR1#59_122308.pdf

Kentucky American Water Company
AGDR1#59a.

Date	Hydrants	2"	4"	6"	8"	10"	12"	16"
Jan-04	684	45	257	669	253	5	3	1
Feb-04	679	45	255	671	248	5	3	1
Mar-04	680	45	258	669	248	5	3	1
Apr-04	683	45	262	692	250	5	3	1
May-04	677	45	259	677	235	5	3	1
Jun-04	677	45	261	702	266	5	3	1
Jul-04	677	45	263	694	253	5	3	1
Aug-04	677	45	264	692	252	5	3	1
Sep-04	676	45	263	694	253	5	3	1
Oct-04	677	45	265	692	250	5	3	1
Nov-04	677	45	262	694	241	5	3	1
Dec-04	677	45	262	695	242	5	3	1
Average	678	45	261	687	249	5	3	1

Date	Hydrants	2"	4"	6"	8"	10"	12"	16"
Jan-05	713	45	262	698	249	5	3	1
Feb-05	696	45	263	696	250	7	3	1
Mar-05	701	45	264	710	250	6	3	1
Apr-05	701	45	263	710	250	6	3	1
May-05	725	46	261	713	255	6	3	1
Jun-05	734	46	275	716	259	6	3	1
Jul-05	770	46	270	717	254	6	3	1
Aug-05	748	46	271	727	256	6	3	1
Sep-05	755	46	273	731	246	6	3	1
Oct-05	750	46	270	727	247	6	3	1
Nov-05	753	46	270	728	241	6	3	1
Dec-05	775	46	273	731	246	7	3	1
Avg Monthly	735	46	268	717	250	6	3	1

Kentucky American Water Company
AGDR1#59a.

Date	Hydrants	2"	4"	6"	8"	10"	12"	16"
Jan-06	783	46	276	738	247	7	3	1
Feb-06	735	45	275	735	247	7	3	1
Mar-06	771	46	274	733	250	7	3	1
Apr-06	793	46	277	734	251	7	3	1
May-06	815	46	276	732	249	7	3	1
Jun-06	810	46	268	698	240	7	3	1
Jul-06	811	46	291	735	251	7	3	1
Aug-06	813	46	296	745	250	7	3	1
Sep-06	814	46	295	749	247	7	3	1
Oct-06	830	38	294	749	247	7	3	1
Nov-06	840	38	295	743	250	7	3	1
Dec-06	847	38	296	752	246	7	4	1
Avg Monthly	805	44	284	737	248	7	3	1

Date	Hydrants	2"	4"	6"	8"	10"	12"	16"
Jan-07	850	38	294	753	246	7	4	1
Feb-07	861	38	294	747	248	7	4	1
Mar-07	889	38	293	744	247	7	4	1
Apr-07	879	38	291	744	246	7	4	1
May-07	903	38	296	737	244	7	4	1
Jun-07	900	38	297	745	242	7	4	1
Jul-07	900	47	298	747	244	7	4	1
Aug-07	900	47	300	741	243	7	4	1
Sep-07	902	50	295	735	231	7	4	1
Oct-07	901	50	296	738	237	7	4	1
Nov-07	911	51	298	743	236	7	4	1
Dec-07	907	49	304	740	235	7	4	1
Avg Monthly	892	44	296	743	242	7	4	1

**Kentucky American Water Company
 AGDR1#59a.**

Date	Hydrants	2"	4"	6"	8"	10"	12"	16"
Jan-08	907	51	318	738	235	7	4	1
Feb-08	906	50	311	736	235	7	4	1
Mar-08	906	50	311	733	234	7	4	1
Apr-08	907	50	309	733	235	7	4	1
May-08	916	50	308	736	235	7	4	1
Jun-08	1,010	50	319	753	235	7	4	1
Jul-08	988	50	317	757	235	7	4	1
Aug-08	961	58	319	757	234	7	4	1
Sep-08	958	71	318	756	233	7	4	1
Oct-08	961	56	318	757	233	7	4	1
Nov-08	969	56	318	756	233	7	4	1
Avg Monthly	944	54	315	747	234	7	4	1

Date	Hydrants	2"	4"	6"	8"	10"	12"	16"
AVG 12M 11/30/08	941	53	314	746	234	7	4	1

Kentucky American Water
 AGDR1#59b

BASE PERIOD	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
2" Private Fire Service	59	59	59	59	59	59	43	43	43	43	43	43
4" Private Fire Service	333	332	332	332	372	341	328	329	330	331	332	333
6" Private Fire Service	796	796	795	834	901	834	795	796	797	798	799	800
8" Private Fire Service	262	262	262	262	262	263	265	265	265	265	265	265
10" Private Fire Service	7	7	7	7	7	7	7	7	7	7	7	7
12" Private Fire Service	4	4	4	4	4	4	6	6	6	6	6	6
16" Private Fire Service	1	1	1	1	1	1	1	1	1	1	1	1
Private Fire Hydrant	907	906	906	980	1,451	979	795	796	797	798	799	800
	2,369	2,367	2,366	2,479	3,057	2,488	2,240	2,243	2,246	2,249	2,252	2,255

Kentucky American Water
AGDR#59c

FORECAST PERIOD	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	13 month average
2" Private Fire Service	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43
4" Private Fire Service	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	343
6" Private Fire Service	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	810
8" Private Fire Service	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265
10" Private Fire Service	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
12" Private Fire Service	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
16" Private Fire Service	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Private Fire Hydrant	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	810
	2,258	2,261	2,264	2,267	2,270	2,273	2,276	2,279	2,282	2,285	2,288	2,291	2,294	2,297	2,300	2,303	2,285

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2008-00427
ANNUALIZED CLASS AND SCHEDULE REVENUE SUMMARY
TWELVE MONTHS ENDED MAY 31, 2010

SCHEDULE M-3.2
PAGE 7 OF 8
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED _X_ REVISED
WORKPAPER REFERENCE NO(S): WIP-2

Line No.	Rate Code	Class / Description	Customer Bills	Sales	Proposed Rate	Proposed Total Revenue	% of Revenue to Total	Most Current Rate	Most Current Total Revenue	% of Revenue to Total	Dollar Increase	Total Revenue % Increase
1												
2												
3												
4		Private Fire Service:										
5		Private Fire Charges:										
6		2" Connections	43		\$ 83.76	\$ 3,602	0.208%	60.24	\$ 2,590	0.208%	\$ 1,012	39.07%
7		4" Connections	343		\$ 335.28	115,001	6.639%	241.20	82,732	6.639%	32,269	39.00%
8		6" Connections	810		\$ 753.48	610,319	35.234%	542.04	439,052	35.234%	171,267	39.01%
9		8" Connections	265		\$ 1,339.08	354,856	20.486%	963.36	255,280	20.487%	99,566	39.00%
10		10" Connections	7		\$ 2,092.56	14,648	0.846%	1,505.40	10,538	0.846%	4,110	39.00%
11		12" Connections	6		\$ 3,013.80	18,083	1.044%	2,168.16	13,009	1.044%	5,074	39.00%
12		14" Connections	0		\$ 4,102.44	0	0.000%	2,951.40	0	0.000%	0	0.00%
13		16" Connections	1		\$ 5,356.92	5,357	0.309%	3,853.92	3,854	0.309%	1,503	39.00%
14		Private Fire Hydrants	810		\$ 753.48	610,319	35.234%	542.04	439,052	35.234%	171,267	39.01%
15		Total Private Fire Service	2,285			\$ 1,732,165	100.00%		\$ 1,246,117	100.00%	\$ 486,068	39.01%

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

Witness: Michael A. Miller

60. With regard to Public Fire, please provide the following information:
- a. Actual monthly and average annual Public Fire hydrants for each year from 2003 through 2007 and for the 12-month period ended 11/30/08.
 - b. Actual/projected monthly base period hydrants and the basis for the projected monthly hydrants.
 - c. Projected monthly hydrants from February 2009 through May 2010 and the basis for these projected hydrants (the 13-month average projected monthly hydrants for the months May 2009 through May 2010 should reconcile to the numbers shown for the forecasted period on M-3.2, page 8).

Response:

- a. See attached.
- b. See attached. Future projections are based on historical increases.
- c. See attached. The 13 month average indicated on the schedule is 7,458. Schedule M-3.2, page 8 shows 7,572 connections, which is the forecasted number for May 2010. The Company has overstated its going-level revenues for this error by \$43,374. The corrected M-3.2, page 8 is also attached. Future projections are based on historical increases.

For the electronic version, refer to KAW_R_AGDR1#60_122308.pdf.

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

Witness: Michael A. Miller

61. Please reconcile the base period industrial revenues of \$1,621,045 on M-3.1, page 3 to the base period industrial revenues of \$1,706,360 on D-1, page 1 and D-2.1, page 1.

Response:

The base period industrial revenue amount on M-3.1, page 3 of \$1,621,045 was calculated using the actual data for the 6 months ended July 2008 plus the most current budget information for the 6 month period ended January 2009 and did not include credit adjustment revenues of \$17,310. When the credit adjustment amount is added the total current annualized revenues are \$1,638,355. The \$1,706,360 amount shown on D-2.1, page 1 was calculated using the actual data for the 6 months ended July 2008 plus the budget information for the 6 month period ended January 2009 based on the budget information developed over 8 months ago. As a result the difference between base period industrial revenue amount on M-3.1, page 3 and the corresponding base period industrial revenues on D-2.1, page 1 is (\$68,315) and is related to a more recent update to the 2008/2009 budget data. The reconciliation of the base period industrial revenue amount on M-3.1, page 3 of \$1,638,355 to the corresponding base period industrial revenues on D-2.1, page 1 of \$1,706,360 is attached.

For the electronic version, refer to KAW_R_AGDR1#61_122308.pdf.

Kentucky American Water Company
Response to Attorney General's First Request for Information
KAW_R_AGDR1 #61

Reconcile the Base Period Industrial Revenues of \$1,621,045 on M-3.1, page 3
to the Base Period Industrial Revenues of \$1,706,360 on D-1, page 1 and D-2.1, page 1

	Base Period Per Company's Revised 2008/2009 <u>Budget</u>	Base Period Per Company's Original 2008 <u>Budget</u>	<u>Difference</u>	<u>Current Rates</u>	<u>Revenues</u>
<u>INDUSTRIAL</u>					
Customer Charge:					
5/8" MONTHLY	24	24	0	7.95	0
3/4" MONTHLY				11.94	
1" MONTHLY	24	24	0	19.89	0
1 1/2" MONTHLY	12	12	0	39.77	0
2" MONTHLY	287	288	(1)	63.64	(64)
3" MONTHLY			0	119.32	0
4" MONTHLY	144	144	0	198.86	0
6" MONTHLY	36	36	0	397.73	0
8" MONTHLY			0	636.36	0
<hr/>					
Block Consumption:					
Monthly Accounts:					
All Usage (CCF)	909,308	948,935	(39,627)	1.71414	(67,926)
Credit Adjustments	10,173				
<hr/>					
Total per Bill Analysis	919,481	948,935	(39,627)		(67,990)
Difference in Usage Priced at Budgeted Rate (CCF)					<u>(325)</u>
Total Difference Between Base Period and Company's Original Budget					<u><u>(68,315)</u></u>

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

Witness: Michael A. Miller

62. With regard to the 2008 Annual Budget Plan for industrial sales and revenues shown on W/P 2-1, pages 20 and 21, provide the following information:
- a. Provide the equivalent monthly and annual information shown on pages 20 and 21 but based on the 2009 Annual Budget Plan.
 - b. Provide the actual number of billed meters, in total and by meter size, for each month in 2007 and 2008.
 - c. Provide the actual/projected monthly base period number of billed meters and the basis for the projected monthly billed meters.
 - d. Provide the projected monthly billed meters from February 2009 through May 2010 and the basis for these projected monthly billed meters.
 - e. Provide the actual monthly and total annual thousand gallon industrial sales for the 12-month period ended 11/30/08.
 - f. Explain the methodology and calculations used by the Company to arrive at the projected 2009 and 2010 thousand gallon consumption of 683,004 thousand gallons.
 - g. Page 20 shows that the actual industrial sales for 2007 are 768,170 thousand gallons and the actual 3-year average (2005 through 2007) industrial sales are 777,659 thousand gallons. Given these recent historic sales numbers, explain why it is reasonable to use projected annual sales numbers of 683,004 thousand gallons in this case.

Response:

- a. The Company did not prepare its 2009 Annual Budget Plan with the level of detail per customer as shown on W/P 2-1, pages 20 and 21. Instead the Company budgeted total industrial usage based on usage per day for the classification for each month. The Company did not use its budget for industrial sales in the forecasted test-year to determine going-level industrial sales in this case, but instead utilized the actual bill analysis data for the 12-months ended July 31, 2008. The Company believes this usage to be the latest known usage for this classification, and its review for the case considered changes that have occurred in the industrial classification that most reasonably reflect the usage for the forecasted test-year in this case. See the response to part g. below.

b.

DATE	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	TOTAL
Jan-07	2	0	2	1	24	0	12	3	0	44
Feb-07	2	0	2	1	24	0	12	3	0	44
Mar-07	2	0	2	1	21	0	6	3	0	35
Apr-07	2	0	2	1	27	0	18	3	0	53
May-07	2	0	2	1	24	0	12	3	0	44
Jun-07	2	0	2	1	24	0	12	3	0	44
Jul-07	2	0	2	1	24	0	12	3	0	44
Aug-07	2	0	2	1	24	0	12	3	0	44
Sep-07	2	0	2	1	24	0	12	4	0	45
Oct-07	2	0	2	1	24	0	12	2	0	43
Nov-07	2	0	2	1	24	0	12	3	0	44
Dec-07	2	0	2	1	24	0	12	3	0	44
Total	24	0	24	12	288	0	144	36	0	528

DATE	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	TOTAL
Jan-08	2	0	2	1	24	0	12	3	0	44
Feb-08	2	0	2	1	24	0	12	3	0	44
Mar-08	2	0	2	1	24	0	12	3	0	44
Apr-08	2	0	2	1	24	0	12	3	0	44
May-08	2	0	2	1	25	0	13	3	0	46
Jun-08	2	0	2	1	23	0	12	3	0	43
Jul-08	2	0	2	1	24	0	12	3	0	44
Aug-08	2	0	2	1	24	0	12	3	0	44
Sep-08	2	0	2	1	24	0	12	3	0	44
Oct-08	2	0	2	5	24	0	12	7	0	52
Nov-08	2	0	2	2	24	0	12	4	0	46
Dec-08										
Total	22	0	22	16	264	0	133	38	0	495

c.

Month	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Feb-08 Act.	2	0	2	1	24	0	12	3	0	44
Mar-08 Act.	2	0	2	1	24	0	12	3	0	44
Apr-08 Act.	2	0	2	1	24	0	12	3	0	44
May-08 Act.	2	0	2	1	24	0	12	3	0	44
Jun-08 Act.	2	0	2	1	24	0	12	3	0	44
Jul-08 Act.	2	0	2	1	24	0	12	3	0	44
Aug-08 Pro.	2	0	2	1	24	0	12	3	0	44
Sep-08 Pro.	2	0	2	1	24	0	12	3	0	44
Oct-08 Pro.	2	0	2	1	24	0	12	3	0	44
Nov-08 Pro.	2	0	2	1	24	0	12	3	0	44
Dec-08 Pro.	2	0	2	1	24	0	12	3	0	44
Jan-09 Pro.	2	0	2	1	24	0	12	3	0	44

The Company's projections are based upon the Company's six month bill analysis for the period ended July 31, 2008 (based on the average number of meters per month by meter size). The forecasted test-year meters are the actual meters as of July 2008.

d.

Date	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Feb-09	2	0	2	1	24	0	12	3	0	44
Mar-09	2	0	2	1	24	0	12	3	0	44
Apr-09	2	0	2	1	24	0	12	3	0	44
May-09	2	0	2	1	24	0	12	3	0	44
Jun-09	2	0	2	1	24	0	12	3	0	44
Jul-09	2	0	2	1	24	0	12	3	0	44
Aug-09	2	0	2	1	24	0	12	3	0	44
Sep-09	2	0	2	1	24	0	12	3	0	44
Oct-09	2	0	2	1	24	0	12	3	0	44
Nov-09	2	0	2	1	24	0	12	3	0	44
Dec-09	2	0	2	1	24	0	12	3	0	44
Jan-10	2	0	2	1	24	0	12	3	0	44
Feb-10	2	0	2	1	24	0	12	3	0	44
Mar-10	2	0	2	1	24	0	12	3	0	44
Apr-10	2	0	2	1	24	0	12	3	0	44
May-10	2	0	2	1	24	0	12	3	0	44

Company's projections are based upon the Company's six month bill analysis for the period ended July 31, 2008 (based on the average number of meters per month by meter size). The forecasted test-year meters are the actual meters as of July 2008.

e.

Date	Industrial Sales 1,000G
Dec-07	57,649
Jan-08	42,439
Feb-08	50,172
Mar-08	47,650
Apr-08	48,780
May-08	58,304
Jun-08	40,475
Jul-08	63,782
Aug-08	57,515
Sep-08	61,522
Oct-08	55,817
Nov-08	<u>50,992</u>
Total	635,097

- f. The Company's projected sales level for the forecasted test-year June 2009 to May 2010 of 683,004 thousand gallons consumption is based on the actual billing determinants from the bill analysis for the actual industrial sales for the 12 month period ended July 31, 2008.
- g. As stated in response to part (f.) above, the Company utilized actual sales for the industrial class for the 12 month period ended July 31, 2008. The Company believed that the sales for this period were reflective of the expected usage for the forecasted test-year including lower sales to Toyota than were experienced in 2005-2007. Toyota has installed a water recycling system that has decreased usage from the usage experienced in prior years.

For the electronic version, refer to KAW_R_AGDR1#62_122308.pdf.

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

Witness: Michael A. Miller

63. With regard to the residential sales and revenue numbers for the base period shown on M-3.1, page 1, please explain the following information:
- a. Reconcile the total current annualized revenues of \$30,429,190 to the base period revenues of \$30,526,232 shown on D-1, page 1.
 - b. Explain the credit adjustments of \$64,840 and why similar credit adjustments should not be assumed for the forecasted test period.

Response:

- a. The total current annualized revenues of \$30,429,190 from M-3.1, page 1 was calculated using the 6 months actual billing determinants as of July 2009 plus the most recent 6 months budget information for the 6 months ended January 2009 and did not include credit adjustment revenues of (\$155,540). When the credit adjustment amount is deducted the total current annualized revenues are \$30,273,592. The \$30,526,232 shown on D-1, page 1 was calculated using the actual data for the 6 months ended July 2008 plus the budget information for the 6 months ended January 2009 that was developed over 8 months ago. As a result the difference between total current annualized revenues and the corresponding base period revenues on D-1, page 1 is (\$252,640) and is related to the more recent updates to the budgeted information for 2008/2009. The reconciliation of the total current annualized revenues of \$30,273,592 to the base period revenues of \$30,526,232 shown on D-1, page 1 is attached.
- b. Credit adjustments are any corrections to a customer's bill. The adjustment can be either a decrease or increase to a customer's bill. The most common reasons that the Company may decide to adjust a customer's bill are misreads, over payments, estimates and hidden leaks. The numbers reflected on the Company's forecasted bill analysis are net of credit adjustments.

For the electronic version, refer to KAW_R_AGDR1#63_122308.pdf.

Kentucky American Water Company
Response to Attorney General's First Request for Information
KAW_R_AGDR1 #63
Reconciliation of Annualized Revenues to Base Revenues

	Base Period Per Company's Revised 2008/2009 <u>Budget</u>	Base Period Per Company's Original 2008/2009 <u>Budget</u>	<u>Difference</u>	<u>Current Rates</u>	<u>Revenues</u>
<u>RESIDENTIAL</u>					
Customer Charge:					
5/8" MONTHLY	1,284,026	1,279,670	4,356	7.95	34,630
3/4" MONTHLY	12			11.94	
1" MONTHLY	20,911	20,981	(70)	19.89	(1,392)
1 1/2" MONTHLY	167	179	(12)	39.77	(477)
2" MONTHLY	1,022	1,154	(132)	63.64	(8,400)
3" MONTHLY			0	119.32	0
4" MONTHLY			0	198.86	0
6" MONTHLY	24	24	0	397.73	0
8" MONTHLY			0	636.36	0
	<hr/>				
Block Consumption:					
Monthly Accounts:					
All Usage (CCF)	8,436,982	8,555,415	(118,433)	2.3378	(276,873)
Credit Adjustments	(64,840)				
	<hr/>				
Total per Bill Analysis	8,372,142	8,555,415	(118,433)		(252,512)
Difference in Usage Priced at Budgeted Rate (CCF)					<hr/>
Total Difference Between Base Period and Company's Original Budget					<u><u>(252,512)</u></u>

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

Witness: Michael A. Miller

64. W/P 2-1, page 2 shows total forecasted test period number of residential customer bills of 1,314,343 and M-3.2, page 1 shows a total number of annual residential customer bills of 1,334,479. Please reconcile these two numbers.

Response:

W/P 2-1, page 2 shows total forecasted test period number of regular residential customer bills per the budget. M-3.2, page 1 is the Company's Forecasted Bill Analysis for the residential classification. The bill analysis shows a total number of annual residential customer meters and not bills. There is not a one-to-one correlation between number of bills and the number of meters shown on the Company's bill analysis. The bill analysis includes final and local billings. The bill analysis also depicts the number of equivalent bills related to partial bills.

For the electronic version, refer to KAW_R_AGDR1#64_122308.pdf.

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

Witness: Michael A. Miller

65. With regard to W/P 2-1, page 10, please update the monthly 2008 number of residential customer counts for actual counts through 11/30/08.

Response:

<u>MONTH</u>	<u>RESIDENTIAL</u>
DEC 2007	106,068
JAN 2008	106,086
FEB 2008	106,072
MAR 2008	106,293
APR 2008	106,292
MAY 2008	106,529
JUN 2008	106,581
JUL 2008	106,814
AUG 2008	107,224
SEP 2008	107,195
OCT 2008	107,161
NOV 2008	107,082

For the electronic version, refer to KAW_R_AGDR1#65_122308.pdf.

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ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: Michael A. Miller

66. W/P 2-1, page 2 shows total forecasted test period number of commercial customer bills of 106,751 and M-3.2, page 2 shows a total number of annual commercial customer bills of 108,125. Please reconcile these two numbers.

Response:

W/P 2-1, page 2 shows total forecasted test period number of regular commercial customer bills. M-3.2, page 2 is the Company's Forecasted Bill Analysis for the commercial classification. The bill analysis shows a total number of annual commercial customer meters and not bills. There is not a one-to-one correlation between number of bills and the number of meters shown on the Company's bill analysis. The bill analysis includes final and local billings. The bill analysis also depicts the number of equivalent bills related to partial bills.

For the electronic version, refer to KAW_R_AGDR1#66_122308.pdf.

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

Witness: Michael A. Miller

67. With regard to W/P 2-1, page 10, please update the monthly 2008 number of commercial customer counts for actual counts through 11/30/08.

Response:

<u>MONTH</u>	<u>COMMERCIAL</u>
DEC 2007	8,585
JAN 2008	8,586
FEB 2008	8,579
MAR 2008	8,574
APR 2008	8,739
MAY 2008	8,749
JUN 2008	8,747
JUL 2008	8,741
AUG 2008	8,778
SEP 2008	8,793
OCT 2008	8788
NOV 2008	8766

For the electronic version, refer to KAW_R_AGDR1#67_122308.pdf.

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ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: Michael A. Miller

68. As shown on W/P 2-1, page 10, the projected annual residential customer growth of 1,931 was based by the Company on the average residential customer growth for the most recent three years 2005 through 2007. As shown on W/P 2-1, page 15, the projected annual commercial customer growth of 99 was based by the Company on the average residential customer growth for the most recent six years 2002 through 2007. In this regard, please provide the following information:
- a. Explain why the Company based the projected residential customer growth on the average growth for the most recent years 2005 – 2007 but based the projected commercial customer growth on the average growth for the 6-year period 2002 – 2007.
 - b. Confirm that the average commercial customer growth for the most recent 3-year period 2005 – 2007 amounts to 142 as compared to the Company's proposed annual growth of 99.
 - c. Please provide the average number of commercial customers for the forecasted test period, 2009 and 2010 (as compared to the 8,896, 8,855 and 8,954 currently shown in the last 3 columns of I-4) based on using the same growth methodology from the end of the base period to the end of the forecasted period but with an assumed annual growth number of 142 as opposed to 99.
 - d. Please provide the total annual Tgs sales for the years 2009 and 2010 (as compared to the 4,381,832 and 4,817,234 numbers currently shown in the last 2 columns of I-4) based on using the same customer growth methodology from the end of the base period to the end of the forecasted period but with an assumed annual growth number of 142 as opposed to 99.

Response:

- a. The Company looked at both the 6 and 3 year average customer growth information shown on WP 2-1, page 10 and based on that information the 3-year average customer growth was 1,931 versus 1,592 for the 6 –year average. In the Company's judgment at the time of filing the case the 3 year average was reflective of expectations for customer growth and was the more conservative number in relation to the customer. Since that filing of the case, the bottom has fallen out of the housing market, and the Company believes that the 1,931 customer growth rate for the forecasted test-year is likely high given the current housing market conditions, and the current economic conditions of recession which are expected to be present for the foreseeable future.

Unlike the residential class, the commercial class has experienced wider fluctuations on a percentage basis in new customer levels, including reductions in commercial customers during 2005. Due to the wider range of fluctuation in commercial customer growth rates the Company has utilized a six-year average to project customer growth in the commercial classification as it has done in all recent rate cases to more accurately normalize the commercial customer growth rate.

- b. Agree. Please see the response to part a. above.
- c. The Company disagrees with the use of a 3-year average commercial customer growth factor. Please see the response to part a. for the explanation of the Company's position. The numbers below reflect the mathematical calculation requested by the Attorney General.

Forecasted Period	8,946
2009 Projected	8,887
2010 Projected	9,030

- d. The Company disagrees with the use of a 3-year average commercial customer growth factor. Please see the response to part a. for the explanation of the Company's position.

In preparing this response the Company determined that the 4,817,234 for commercial usage shown on Schedule I-4, page 1 of 1 for Projected 2010 was incorrect. That number should be 4,430,795.

The numbers below reflect the mathematical calculation requested by the Attorney General based on the correction described above.

2009 Projected	4,398,131
2010 Projected	4,468,853

For the electronic version, refer to KAW_R_AGDR1#68_122308.pdf.

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

Witness: Michael A. Miller/Sheila Miller

69. With regard to W/P 3-14, page 2 (Maintenance – Other expenses), please provide the following information:
- a. Explain why the Company removed account 675110 – Maintenance Expense ARP/Net Negative Salvage expenses from the overall maintenance expenses for the forecasted test period while leaving these expenses in the overall maintenance expenses for the years 2005 through 2007 and the base period.
 - b. In order to get a valid comparison of the proposed forecasted test period maintenance expenses and the actual maintenance expenses for 2005 through the base period, would the Company agree that one would have to disregard the ARO/Net Negative Salvage expense bookings in the years prior to the forecasted period? If not, explain why not.

Response:

- a. The net negative salvage has been reclassified to depreciation expense in order to reflect the forecasted test-year depreciation expense and maintenance expense consistently with the Commission's establishment of depreciation rates for the Company.
- b. No, the ARO/Net Negative Salvage expense should not be disregarded, but it should be reclassified to depreciation expense to be consistent with method approved by the Commission in setting the depreciation rates of the Company.

For the electronic version, refer to KAW_R_AGDR1#69_122308.pdf.

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ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: Sheila Miller

70. The maintenance expenses on W/P 3-14, page 2 excluding the amortizations of deferred maintenance and the ARO/Net Negative Salvage expenses are \$897,560 for 2005, \$745,848 for 2006, \$693,429 for 2007 and \$1,029,359 for the forecasted period. In this regard, please provide the following information:
- a. Confirm the above dollar amounts. If you do not agree, state your disagreement.
 - b. Provide the actual equivalent maintenance expenses (w/o the amortizations and ARO/Net Negative Salvage expenses) for 2003, 2004 and the 12-month period ended 11/30/08.
 - c. Provide the equivalent maintenance expenses that were included in the Company's Operating Budgets for 2003 through 2008 and in the annual budget plans for 2009 and 2010.

Response:

- a. Correct
- b. See attached.
- c. See attached.

For the electronic version, refer to KAW_R_AGDR1#70_122308.pdf.

Kentucky-American Water Company
Historical Comparison - Maintenance Exp
AGDR1 Question 70b

JDE Account	JDE Sub	JDE Object Description	ACTUAL		12 months ending	
			2003	2004	11/30/08	11/30/08
620000	21	Mat and Sup Maint SS	196,686	169,107	269,405	0
620000	22	Mat and Sup Maint P	0	0	94,814	0
620000	23	Mat and Sup Maint WT	114,351	91,684	212,648	0
620000	24	Mat and Sup Maint TD	244,630	324,098	24,741	0
620000	26	Mat and Sup Maint AG	25,909	55,147	1,796	0
635000	24	Contr Svc-Other Maint TD	0	15,682	45,082	0
635000	26	Contr Svc-Other Maint AG	13,979	0	64,961	0
675000	21	Misc Maint SS	33	46,057	25,085	0
675000	23	Misc Maint WT	63,533	0	21,900	-291
675000	2315	Misc Maint WT Equip	0	23,148	83,721	0
675000	24	Misc Maint TD	49,622	0	94,274	0
675000	2415	Misc Maint TD Dist Res	0	0	936,339	0
675000	2440	Misc Maint TD Hydrants	31,321	79,392	0	0
675000	26	Misc Maint AG	4,359	61,256	0	0
675650	24	Paving/Backfill TD	744,423	867,367	0	0

AGDR1 Question 7C

JDE Account	JDE Sub	JDE Object Description	ACTUAL										
			2003	2004	2005	2006	2007	2008	2009	2010			
620000		Mat and Sup Maint											
620000	21	Mat and Sup Maint SS	149,924	187,700	289,844	258,016	153,100	168,410	168,900	176,390			
620000	23	Mat and Sup Maint WT	331,124	147,900	137,384	103,232	176,700	193,720	137,000	100,200			
620000	24	Mat and Sup Maint TD	261,601	278,010	283,570	127,200	229,800	208,200	204,300	211,512			
620000	26	Mat and Sup Maint AG	40,641	20,110	20,110	26,700	39,996	39,996	39,996	41,196			
635000	26	Contr Svc-Other Maint AG	-	24,999	24,999	24,999	31,300	31,300	22,466	22,466			
675000	23	Misc Maint WT	56,281	64,648	67,880	81,875	85,000	81,354	85,200	85,596			
675000	24	Misc Maint TD	19,001	85,049	86,752	48,000	109,440	99,000	33,000	33,984			
675000	26	Misc Maint AG	44,935	-	-	21,135	114,640	77,700	246,500	151,680			
675650	24	Paving/Backfill TD	903,507	808,416	910,539	225,000	225,000	236,250	246,500	253,925			
						916,157	1,147,536	1,172,870	1,015,062	1,076,949			

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

Witness: Michael A. Miller

71. Regarding page 5, lines 4 – 7 of Mr. Miller’s testimony, identify and quantify the referenced one-time non-recurring expenses that have been eliminated from the forecasted test period. In addition, indicate in which expense account and filing schedule these expense eliminations have been made.

Response:

The Company eliminated SOX implementation costs included in the June 2009 – May 2010 Plan for Service Company Costs (the forecasted test-year). That elimination can be found on the response to KAW_R_PSCDR1#18_WP3-5, page 1 of 5 and was budgeted in account 534000 120105. Although not related to the Divestiture of AWW, the Company eliminated relocation expense included in the June 2009-May 2010 Plan (the forecasted test-year). That elimination can be found on the response to KAW_R_PSCDR1#1a_WP3-12, page 2 of 4 and was budgeted in account 575970.16 120118.

For the electronic version, refer to KAW_R_AGDR1#71_122308.pdf.

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

Witness: Sheila Miller

72. RE. Schedule F-2.3: Please verify that the expense items on lines 4, 5 and 7 are included in the above-the-line forecasted period expenses while the expense items on lines 6, 8, 10 and 11 are included in the below-the-line forecasted period expenses.

Response:

Yes.

For the electronic version, refer to KAW_R_AGDR1#72_122308.pdf.

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

Witness: Sheila Miller

73. Referencing page 8, lines 26-28 of Ms. Miller's testimony, please indicate in which account(s) and line item(s) on W/P 3-13, pages 3-4 the \$36,940 NRW study and Water Conservation study amortization expenses are included. If not included on this workpaper, indicate in which workpaper they are included.

Response:

The amortization of the NRW study and Water Conservation study is included in account 575000.16 Misc Oper AG on W/P 3-13 page 3 of 4.

For the electronic version, refer to KAW_R_AGDR1#73_122308.pdf.

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

Witness: Nick Rowe/Sheila Miller

74. Please provide a detailed breakout and quantification of the forecasted test period employee award expenses of \$16,354 shown on W/P 3-13, page 3. In addition, explain how these expenses are different from the forecasted test period service award expenses of \$8,500 shown on Schedule F-2.3.

Response:

The \$16,354 shown on W/P 3-13, page 3 is comprised of the following items:

Service Awards-Tharpe Co	8,500
Employee dinner, entertainment, employee gift cards	<u>7,854</u>
Total	16,354

The Service Awards are for recognition of years of service milestones, such as 5 years, 10-years, 25-years, etc. The Company provides to each employee reaching such a milestone the opportunity to choose a small gift from the catalog available to all AWW employees regarding service awards. The employee dinner expenses are separate from the Service Awards and are for the dinner for all employees at which employees are recognized for their achievements during the year including those reaching service milestones.

For the electronic version, refer to KAW_R_AGDR1#74_122308.pdf.

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

Witness: Sheila Miller

75. Please provide the percentage of NAWC activities dedicated to regulatory and legislative advocacy and other types of lobbying activities.

Response:

17%.

For the electronic version, refer to KAW_R_AGDR1#75_1223085.pdf.

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

Witness: Sheila Miller

76. Please provide the total amount of NAWC dues included in the forecasted test period.

Response:

\$28,155 which is 83% of the projected NAWC dues for the forecasted test period.

For the electronic version, refer to KAW_R_AGDR1#76_122308.pdf.