

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Lance Williams

40. Provide a comparison of Kentucky-American's forecasted construction expenditures from Case No. 2008-00427 with its actual results by construction project. Provide a detailed explanation for each variance.

Response:

The forecasted period in Case No. 2008-00427 was the twelve months ending May 31, 2010. A final comparison to actual cannot be done until May 2010 accounting has been completed.

Please see attached schedules which provide the monthly comparisons for August 2008 to December 2008, the Year 2009 and YTD March 2010. The Company will provide the information for April and May 2010 as it becomes available.

For the electronic version, refer to KAW_R_PSCDR2#40_043010.pdf.

Supplemental Response:

Please see attached schedules for April and May 2010.

For the electronic version, refer to KAW_R_PSCDR2#40_supplemental_071510.pdf.

| Kentucky American Water | | | | | |
|------------------------------------|---|-----------|----------------|-------------|--------------------------------|
| Comparison of Capital Expenditures | | | | | |
| Actual Vs. Case No. 2008-00427 | | | | | |
| Budget | | Actual | Per 2008-00427 | | |
| Item | Description | Apr-10 | Apr-10 | Difference | Note |
| DV | Developer/Governmental Contributions | 233,404 | 205,470 | 27,934 | |
| A | Mains - New | (51) | 59,500 | (59,551) | |
| B | Mains - Replaced/Restored | 140,694 | 80,000 | 60,694 | |
| C | Mains - Unscheduled | 6,928 | 4,445 | 2,482 | |
| D | Mains - Relocated | 130,078 | 90,000 | 40,078 | |
| E | Hydrants, Valves, and Manholes - New | 21,844 | 8,882 | 12,962 | |
| F | Hydrants, Valves, and Manholes - Replaced | 2,970 | 175 | 2,795 | |
| G | Services and Laterals - New | (176,875) | 18,585 | (195,461) | |
| H | Services and Laterals - Replaced | (158,129) | 65,043 | (223,172) | |
| I | Meters - New | 48,198 | 48,307 | (109) | |
| J | Meters - Replaced | 427,208 | 23,239 | 403,969 | |
| K | ITS Equipment and Systems | 16,500 | 4,888 | 11,612 | |
| L | SCADA Equipment and Systems | 0 | 0 | 0 | |
| M | Security Equipment and Systems | 0 | 0 | 0 | |
| N | Offices and Operations Centers | 4,973 | 11,067 | (6,094) | |
| O | Vehicles | 36,657 | 0 | 36,657 | |
| P | Tools and Equipment | 0 | 50,200 | (50,200) | |
| Q | Process Plant Facilities and Equipment | 60,153 | 13,619 | 46,534 | |
| R | Capitalized Tank Rehabilitation/Painting | 0 | 0 | 0 | |
| S | Engineering Studies | 6 | 2,300 | (2,294) | |
| | Subtotal | 794,559 | 685,721 | 108,838 | |
| | Less Item DV | 233,404 | 205,470 | 27,934 | |
| | Total Item A - S | 561,155 | 480,251 | 80,904 | |
| 12020201 | Leestown Road Main Improvements | 0 | 0 | 0 | |
| 12020204 | Source of Supply Project Development | 985 | 0 | 985 | |
| 12020402 | Major Highway Relocations | 0 | 0 | 0 | |
| 12020505 | Replace Trac-Vac System at RRS | 0 | 0 | 0 | |
| 12020506 | Sludge Handling Improvements | 0 | 0 | 0 | |
| 12020508 | Reliability Improvements | 0 | 0 | 0 | |
| 12020602 | Yarnallton Road Main | 0 | 0 | 0 | |
| 12020607 | New WTP on Pool 3 of Kentucky River | 2,164,964 | 5,827,000 | (3,662,036) | Unfavorable weather conditions |
| 12020702 | Major Highway Relocations | (3,326) | 0 | (3,326) | |
| 12300403 | Owen County Main Extensions | 0 | 0 | 0 | |
| 12320507 | Owenton Acquisition Water | 0 | 0 | 0 | |
| 1202-6 | Carrick Pike Main Extension | 0 | 0 | 0 | |
| 12020701 | Incline Car Replacement @KRS | 0 | 0 | 0 | |
| 1202-5 | North Broadway Main Replacement | 18,144 | 0 | 18,144 | |
| | Non-budgeted IP's | 0 | 0 | 0 | |
| 1232-1 | Owenton Bulk Storage | 0 | 0 | 0 | |
| 1201-10 | Unallocated Eng Clearing | (28,572) | 0 | (28,572) | |
| 12020501 | Ground Storage Tank | 0 | 300,000 | (300,000) | |
| 1201-1 | Business Transformation | (2,584) | 0 | (2,584) | |
| 1201-3 | Business Transformation | 21,701 | 0 | 21,701 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Total IP's | 2,171,311 | 6,127,000 | (3,955,689) | |
| | Total Company Expenditures | 2,732,466 | 6,607,251 | (3,874,785) | |

| Kentucky American Water | | | | | |
|------------------------------------|---|------------|----------------|-------------|--|
| Comparison of Capital Expenditures | | | | | |
| Actual Vs. Case No. 2008-00427 | | | | | |
| | | YTD | YTD | | |
| Budget | | Actual | Per 2008-00427 | | |
| Item | Description | Apr-10 | Apr-10 | YTD | |
| DV | Developer/Governmental Contributions | 423,918 | 953,695 | (529,777) | Developer installation down due to housing slowdown |
| A | Mains - New | 10,492 | 87,465 | (76,973) | |
| B | Mains - Replaced/Restored | 239,730 | 180,000 | 59,730 | |
| C | Mains - Unscheduled | 16,023 | 12,244 | 3,779 | |
| D | Mains - Relocated | 528,791 | 190,000 | 338,791 | |
| E | Hydrants, Valves, and Manholes - New | 43,628 | 39,547 | 4,081 | |
| F | Hydrants, Valves, and Manholes - Replaced | 12,787 | 8,925 | 3,862 | |
| G | Services and Laterals - New | (78,163) | 88,323 | (166,486) | |
| H | Services and Laterals - Replaced | (92,608) | 213,403 | (306,011) | |
| I | Meters - New | 77,515 | 260,968 | (183,453) | |
| J | Meters - Replaced | 627,657 | 188,749 | 438,908 | |
| K | ITS Equipment and Systems | 15,362 | 5,776 | 9,586 | |
| L | SCADA Equipment and Systems | 3,322 | 0 | 3,322 | |
| M | Security Equipment and Systems | 0 | 0 | 0 | |
| N | Offices and Operations Centers | 24,802 | 35,333 | (10,531) | |
| O | Vehicles | 39,975 | 9,259 | 30,716 | |
| P | Tools and Equipment | 11,753 | 73,200 | (61,447) | |
| Q | Process Plant Facilities and Equipment | 79,598 | 95,195 | (15,598) | |
| R | Capitalized Tank Rehabilitation/Painting | 0 | 0 | 0 | |
| S | Engineering Studies | (59) | 4,000 | (4,059) | |
| | Subtotal | 1,984,523 | 2,446,082 | (461,560) | |
| | Less Item DV | 423,918 | 953,695 | (529,777) | |
| | Total Item A-S | 1,560,605 | 1,492,387 | 68,217 | |
| 12020201 | Leestown Road Main Improvements | 0 | 0 | 0 | |
| 12020204 | Source of Supply Project Development | 9,724 | 10,000 | (276) | |
| 12020402 | Major Highway Relocations | 0 | 0 | 0 | |
| 12020505 | Replace Trac-Vac System at RRS | 0 | 0 | 0 | |
| 12020506 | Sludge Handling Improvements | 0 | 0 | 0 | |
| 12020508 | Reliability Improvements | 0 | 0 | 0 | |
| 12020602 | Yarnallton Road Main | 0 | 0 | 0 | |
| 12020607 | New WTP on Pool 3 of Kentucky River | 11,085,664 | 15,670,102 | (4,584,438) | Unfavorable weather and previous acceleration offset |
| 12020702 | Major Highway Relocations | (2,407) | 0 | (2,407) | Construction delayed by KYDOT |
| 12300403 | Owen County Main Extensions | 0 | 0 | 0 | |
| 12320507 | Owenton Acquisition Water | 0 | 0 | 0 | |
| 1202-6 | Carrick Pike Main Extension | 631 | 0 | 631 | |
| 12020701 | Incline Car Replacement @KRS | 0 | 0 | 0 | |
| 1202-5 | North Broadway Main Replacement | 68,347 | 0 | 68,347 | Project delayed |
| | Non-budgeted IP's | 325 | 0 | 325 | |
| 1232-1 | Owenton Bulk Storage | 0 | 0 | 0 | |
| 1201-10 | Unallocated Eng Clearing | 86,433 | 0 | 86,433 | |
| 12020501 | Ground Storage Tank | 0 | 370,000 | (370,000) | |
| 1201-1 | Business Transformation | (2,068) | 0 | (2,068) | |
| 1201-3 | Business Transformation | 43,630 | 0 | 43,630 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Total IP's | 11,290,279 | 16,050,102 | (4,759,823) | |
| | Total Company Expenditures | 12,850,883 | 17,542,489 | (4,691,606) | |

| Kentucky American Water | | | | | |
|------------------------------------|---|-----------|----------------|-------------|--------------------------------|
| Comparison of Capital Expenditures | | | | | |
| Actual Vs. Case No. 2008-00427 | | | | | |
| Budget | | Actual | Per 2008-00427 | | |
| Item | Description | May-10 | May-10 | Difference | Note |
| DV | Developer/Governmental Contributions | 128,671 | 631,755 | (503,084) | |
| A | Mains - New | (26,749) | 12,495 | (39,244) | |
| B | Mains - Replaced/Restored | 139,392 | 92,500 | 46,892 | |
| C | Mains - Unscheduled | 3,515 | 9,038 | (5,523) | |
| D | Mains - Relocated | 118,109 | 90,000 | 28,109 | |
| E | Hydrants, Valves, and Manholes - New | 1,586 | 28,806 | (27,220) | |
| F | Hydrants, Valves, and Manholes - Replaced | 25,232 | 15,225 | 10,007 | |
| G | Services and Laterals - New | 81,040 | 87,244 | (6,204) | |
| H | Services and Laterals - Replaced | 54,852 | 94,235 | (39,382) | |
| I | Meters - New | 28,954 | 54,327 | (25,373) | |
| J | Meters - Replaced | 111,331 | 207,739 | (96,408) | |
| K | ITS Equipment and Systems | 266,425 | 17,761 | 248,664 | |
| L | SCADA Equipment and Systems | 0 | 0 | 0 | |
| M | Security Equipment and Systems | 0 | 0 | 0 | |
| N | Offices and Operations Centers | 2,671 | 10,667 | (7,995) | |
| O | Vehicles | (37,815) | 3,704 | (41,518) | |
| P | Tools and Equipment | 20,000 | 55,000 | (35,000) | |
| Q | Process Plant Facilities and Equipment | 29,150 | 51,990 | (22,840) | |
| R | Capitalized Tank Rehabilitation/Painting | (12,555) | 0 | (12,555) | |
| S | Engineering Studies | 0 | 3,800 | (3,800) | |
| | Subtotal | 933,811 | 1,466,286 | (532,475) | |
| | Less Item DV | 128,671 | 631,755 | (503,084) | |
| | Total Item A - S | 805,140 | 834,531 | (29,390) | |
| 12020201 | Leestown Road Main Improvements | 0 | 0 | 0 | |
| 12020204 | Source of Supply Project Development | 4,982 | 0 | 4,982 | |
| 12020402 | Major Highway Relocations | 0 | 0 | 0 | |
| 12020505 | Replace Trac-Vac System at RRS | 0 | 0 | 0 | |
| 12020506 | Sludge Handling Improvements | 0 | 0 | 0 | |
| 12020508 | Reliability Improvements | 0 | 0 | 0 | |
| 12020602 | Yarnallton Road Main | 0 | 0 | 0 | |
| 12020607 | New WTP on Pool 3 of Kentucky River | 2,313,087 | 5,922,546 | (3,609,459) | Unfavorable weather conditions |
| 12020702 | Major Highway Relocations | 0 | 0 | 0 | |
| 12300403 | Owen County Main Extensions | 0 | 0 | 0 | |
| 12320507 | Owenton Acquisition Water | 0 | 0 | 0 | |
| 1202-6 | Carrick Pike Main Extension | 839 | 0 | 839 | |
| 12020701 | Incline Car Replacement @KRS | 0 | 0 | 0 | |
| 1202-5 | North Broadway Main Replacement | 140,226 | 0 | 140,226 | |
| | Non-budgeted IP's | | 0 | 0 | |
| 1232-1 | Owenton Bulk Storage | 0 | 0 | 0 | |
| 1201-10 | Unallocated Eng Clearing | 7,016 | 0 | 7,016 | |
| 12020501 | Ground Storage Tank | 0 | 300,000 | (300,000) | |
| 1201-1 | Business Transformation | 150 | 0 | 150 | |
| 1201-3 | Business Transformation | 527,031 | 0 | 527,031 | |
| 1202-32 | Lexington Operations Center | 110,000 | 0 | 110,000 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Total IP's | 3,103,330 | 6,222,546 | (3,119,216) | |
| | Total Company Expenditures | 3,908,471 | 7,057,077 | (3,148,606) | |

| Kentucky American Water | | | | | |
|------------------------------------|---|------------|----------------|-------------|--|
| Comparison of Capital Expenditures | | | | | |
| Actual Vs. Case No. 2008-00427 | | | | | |
| | | YTD | YTD | | |
| Budget | | Actual | Per 2008-00427 | | |
| Item | Description | May-10 | May-10 | YTD | |
| DV | Developer/Governmental Contributions | 319,185 | 1,379,980 | (1,060,795) | Developer installation down due to housing slowdown |
| A | Mains - New | (16,206) | 40,460 | (56,666) | |
| B | Mains - Replaced/Restored | 238,429 | 192,500 | 45,929 | |
| C | Mains - Unscheduled | 12,611 | 16,837 | (4,226) | |
| D | Mains - Relocated | 516,822 | 190,000 | 326,822 | |
| E | Hydrants, Valves, and Manholes - New | 23,370 | 59,471 | (36,101) | |
| F | Hydrants, Valves, and Manholes - Replaced | 35,049 | 23,975 | 11,074 | |
| G | Services and Laterals - New | 179,751 | 156,981 | 22,770 | |
| H | Services and Laterals - Replaced | 120,373 | 242,594 | (122,221) | |
| I | Meters - New | 58,272 | 266,988 | (208,716) | |
| J | Meters - Replaced | 311,780 | 373,249 | (61,469) | |
| K | ITS Equipment and Systems | 265,287 | 18,649 | 246,638 | |
| L | SCADA Equipment and Systems | 3,322 | 0 | 3,322 | |
| M | Security Equipment and Systems | 0 | 0 | 0 | |
| N | Offices and Operations Centers | 22,501 | 34,933 | (12,433) | |
| O | Vehicles | (34,497) | 12,963 | (47,460) | |
| P | Tools and Equipment | 31,753 | 78,000 | (46,247) | |
| Q | Process Plant Facilities and Equipment | 48,595 | 133,567 | (84,973) | |
| R | Capitalized Tank Rehabilitation/Painting | (12,555) | 0 | (12,555) | |
| S | Engineering Studies | (65) | 5,500 | (5,565) | |
| | Subtotal | 2,123,775 | 3,226,647 | (1,102,872) | |
| | Less Item DV | 319,185 | 1,379,980 | (1,060,795) | |
| | Total Item A-S | 1,804,590 | 1,846,668 | (42,077) | |
| 12020201 | Leestown Road Main Improvements | 0 | 0 | 0 | |
| 12020204 | Source of Supply Project Development | 13,721 | 10,000 | 3,721 | |
| 12020402 | Major Highway Relocations | 0 | 0 | 0 | |
| 12020505 | Replace Trac-Vac System at RRS | 0 | 0 | 0 | |
| 12020506 | Sludge Handling Improvements | 0 | 0 | 0 | |
| 12020508 | Reliability Improvements | 0 | 0 | 0 | |
| 12020602 | Yarnallton Road Main | 0 | 0 | 0 | |
| 12020607 | New WTP on Pool 3 of Kentucky River | 11,233,787 | 15,765,648 | (4,531,861) | Unfavorable weather and previous acceleration offset |
| 12020702 | Major Highway Relocations | 919 | 0 | 919 | Construction delayed by KYDOT |
| 12300403 | Owen County Main Extensions | 0 | 0 | 0 | |
| 12320507 | Owenton Acquisition Water | 0 | 0 | 0 | |
| 1202-6 | Carrick Pike Main Extension | 1,469 | 0 | 1,469 | |
| 12020701 | Incline Car Replacement @KRS | 0 | 0 | 0 | |
| 1202-5 | North Broadway Main Replacement | 190,429 | 0 | 190,429 | Project delayed |
| | Non-budgeted IP's | 325 | 0 | 325 | |
| 1232-1 | Owenton Bulk Storage | 0 | 0 | 0 | |
| 1201-10 | Unallocated Eng Clearing | 122,021 | 0 | 122,021 | |
| 12020501 | Ground Storage Tank | 0 | 370,000 | (370,000) | |
| 1201-1 | Business Transformation | 666 | 0 | 666 | |
| 1201-3 | Business Transformation | 548,960 | 0 | 548,960 | |
| 1202-32 | Lexington Operations Center | 110,000 | 0 | 110,000 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Reserved | 0 | 0 | 0 | |
| | Total IP's | 12,222,298 | 16,145,648 | (3,923,350) | |
| | Total Company Expenditures | 14,026,888 | 17,992,316 | (3,965,428) | |