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Charles R. Borders
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May 21, 2009

PARTIES OF RECORD

Re: Case No. 2010-00036

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact M. Todd Osterloh at 502/564-3940, Extension 439.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

TO/ew

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File
FROM: Todd Osterloh
Staff Attorney
DATE: May 21, 2010
RE: Case No. 2010-00036
Informal Conference of May 10, 2010

On May 10, 2010, Commission Staff held a telephone conference call to discuss information requests related to Kentucky-American Water Company's ("Kentucky-American") depreciation practices on newly constructed utility plant. The following individuals participated in the conference call:

Lindsey Ingram	Kentucky-American Water Company
A.W. Turner	Kentucky-American Water Company
Michael Miller	Kentucky-American Water Company
John Spanos	Kentucky-American Water Company
Ryan Halloran	Office of the Attorney General
Ralph Smith	Office of the Attorney General
David Barberie	Lexington-Fayette Urban County Government
Iris Skidmore	Community Action Council
Mark Frost	Commission Staff
Todd Osterloh	Commission Staff
Sam Reid	Commission Staff
James Rice	Commission Staff
Bob Robards	Commission Staff
Gerald Wuetcher	Commission Staff

During the conference, Commission Staff identified apparently conflicting figures from Kentucky-American's response to Items 42-44 of Commission Staff's second set of information requests and Workpaper 4-1 of Kentucky-American's response to Item 1 of Commission Staff's first set of data requests. Kentucky-American explained that some of the differences were a result of the two different types of accounting methods.

Commission Staff also questioned the differences of depreciation rates used in Case No. 2007-00134 and the present case. In the previous case, a depreciation rate of 1.91% was used, as opposed to 3.70%, which was used in the present rate case. Commission Staff questioned why such a significant change had occurred.

After discussing the issues, Commission Staff noted that one of the items on the upcoming information request would seek a reconciliation of the plant balances between the depreciation study and the Workpaper 4-1. The request would also include updating the response to reflect the 13-month forecasted plant balances and the impact the updates will have on all of the components used in the revenue requirement calculation.

The conference then adjourned.